



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

1 MEETING OPENED

2. ATTENDANCE AND APOLOGIES

Present: President Roxanne Kenny, Councillor Greg Sharman, Cr Braydon Williams, Cr Dalton McDonald, Independent Chair Randle Walker

Apologies:

3. CONFIRMATION OF MINUTES

- Minutes of the Audit Committee - 29 November 2019.....2

4. CONFLICT OF INTEREST

5. ACTIONS ARISING FROM PREVIOUS MINUTES

Nil

6. OFFICERS' REPORTS

- 6.1 Draft Financial Statements for the year ended 30 June 2020. 4
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7. MEETING CLOSE

8. DATE OF NEXT MEETING

Next meeting - Friday 27 November 2020 - 10:30am



MINUTES OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBERS,
HARTLEY STREET, ALICE SPRINGS ON FRIDAY, 29 NOVEMBER 2019 AT
10:30AM

1 MEETING OPENING - 10:30am

2 ATTENDANCE

Councillors:

Councillor Greg Sharman, Councillor Braydon Williams, Councillor Dalton McDonald and Independent Chair Randle Walker

Staff:

Jeff MacLeod – CEO
Bhan Pratap – Director Corporate Services
Buke Tunne – Manager Finance

Guests:

Nil

APOLOGIES

Councillor Roxanne Kenny

LEAVE OF ABSENCE

Nil

3 CONFLICT OF INTEREST

Nil

4 CONFIRMATION OF MINUTES

Minutes of the Audit Committee Meeting held on 26 July 2019

1 RESOLVED (Cr Williams/Cr McDonald)

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

5 ACTIONS ARISING FROM PREVIOUS MINUTES

Nil

6 OFFICERS' REPORTS

6.1 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

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

2 RESOLVED (Cr McDonald/Cr Williams)

That Audit Committee note the Audited General Purpose Financial Statement as at 30 June 2019.

6.2 OTHER SERVICES PROVIDED BY CURRENT AUDIT FIRM - DELOITTE TO MRC.

EXECUTIVE SUMMARY:

As per Last Audit Committee dated 26th July 2019 the Chair requested for further information on the other Services provided by the Auditor's apart from Audit services.

3 RESOLVED (Cr McDonald/Cr Sharman)

That Audit Committee note other services provided to MRC by Current Auditing firm (Deloitte)

7. General business

- In future draft financials will be made available for the Audit Committee Chair to review.
- The Comments provided by Chair and Auditors will be attached to the minutes.
- Manager Finance will email NT compliance department for advise on Note 15 error – relating to financial liabilities.

DATE OF NEXT MEETING

Next meeting - 31 July 2020 - 10:30am

MEETING CLOSE

The meeting terminated at 10:50am.

THIS PAGE AND THE PRECEEDING 1 PAGE ARE THE MINUTES OF THE Audit Committee Meeting HELD ON Friday, 29 November 2019 AND CONFIRMED Friday, 31 July 2020.

Chair

OFFICERS' REPORTS

ITEM NUMBER	6.1
TITLE	Draft Financial Statements for the year ended 30 June 2020.
REFERENCE	- 273930
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 draft 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 Draft 2020 Financial Statements.pdf



MacDonnell Regional Council

Draft General Purpose Financial Reports

for

Year Ending 30 June 2020

MacDonnell Regional Council

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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 for the 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

Date

MacDonnell Regional Council

INCOME STATEMENT For the Year Ended 30th 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	29,179,085	31,867,447
Interest		409,221	559,192
Income from Commercial Operations	3c	3,439,668	3,104,598
Reimbursements & Other Income	3d	655,118	663,370
Total Income		36,904,622	39,088,320
EXPENSES			
Employee Costs	4a	20,987,244	20,191,132
Materials & Consumables	4b	3,006,491	3,605,458
Depreciation & Amortisation	4c	1,993,227	2,097,553
Other Operating Expenses	4d	9,205,329	6,919,281
Total Expenditure		35,192,291	32,813,424
OPERATING SURPLUS / (DEFICIT)		1,712,331	6,274,896
Grants Received for New or Upgraded Assets	3b		
Net Gain or (Loss) from Disposal of Assets	5	199,679	194,766
NET SURPLUS / (DEFICIT)		1,912,010	6,469,662

STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30th June 2020

NET SURPLUS / (DEFICIT)	1,912,010	6,469,662
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME	1,912,010	6,469,662

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

Note: As a result of the adoption of AASB1004 in the 2017 Financial Year, ALL revenue received during the 2018 Financial Year has been included in Total Income. This includes the early payment of the Commonwealth's Local Government Financial Assistance General Purpose and Roads Funding for 2018-2019 year. The total amount of the early payment of \$1,402,541 in previous years would have been treated as Funds Received in Advance and disclosed on the Balance Sheet and is not included as Income until the following year it was funded for.

Further, the adoption of AASB1004 from 1 July 2016 resulted in the abnormally high operating surplus of \$5,586,995 in the 2017 Financial Year and is also the major reason for the huge swing to an operating Deficit of (\$131,505) recorded in the current year to June 2018.

MacDonnell Regional Council

BALANCE SHEET At 30th June 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash on Hand & at Bank	6	6,790,746	3,749,986
Investments - Term Deposits		21,500,000	23,500,000
Trade & Other Receivables	7	901,405	947,208
Inventories & Work in Progress	8	70,752	53,852
		29,262,903	28,251,046
NON CURRENT ASSETS			
Property, Plant & Equipment	9	6,414,423	6,606,845
WIP		3,684,672	1,757,019
		10,099,095	8,363,864
TOTAL ASSETS		39,361,997	36,614,910
CURRENT LIABILITIES			
Payables & Accruals	10a	1,911,133	1,777,289
Employee Benefits	10b	2,391,210	1,727,273
		4,302,343	3,504,562
NON CURRENT LIABILITIES			
Employee Benefits	10b	592,326	555,029
		592,326	555,029
TOTAL LIABILITIES		4,894,669	4,059,591
NET ASSETS		34,467,329	32,555,319
EQUITY			
Unexpended Grants Reserve	12	12,789,267	12,789,267
Accumulated Funds		20,626,664	18,714,654
Future Works Reserve		1,051,398	1,051,398
TOTAL EQUITY		34,467,329	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 30th June 2020

		2020 \$	2019 \$
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
Transfers (From) Reserve			
Transfers to Reserve			
Unexpended Grants Reserve at End of the year	12	12,789,267	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		1,051,398	1,051,398
 Accumulated Surplus			
Accumulated Surplus at Beginning of the year		18,714,654	18,400,754
 Net Surplus / (Deficit)			
		1,912,010	6,469,662
 Transfer To / (From) Unexpended Grants Reserve			
	12	-	(5,760,746)
Transfer To / (From) Unexpended Grants Reserve			
		-	(350,695)
Minor prior period adjustment			
		-	(44,321)
Accumulated Surplus at End of the year		20,626,665	18,714,654
 Total Equity		34,467,330	32,555,319

MacDonnell Regional Council

STATEMENT OF CASH FLOWS For the Year Ended 30th June 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates			918,751
Statutory Charges - Waste Management			872,276
User Charges & Fees - Other			1,367,611
Grants, Subsidies & Contributions			32,400,989
Interest			
Income from Commercial Operations			2,499,082
Reimbursements & Other Income			1,381,940
<u>Payments</u>			
Employee Costs			(20,484,441)
Materials & Consumables			(3,607,421)
Other Operating Expenses			(6,963,749)
Net Cash provided by (or used in) Operating Activities	11	-	8,385,038
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Grants Received for New or Upgraded Assets			-
Interest			559,192
Sale of Replaced Property, Plant, Equipment & Vehicles			175,487
Sale of Surplus Property, Plant, Equipment & Vehicles			19,297
Work in Progress			
<u>Payments</u>			
Purchase of Replacement Property, Plant, Equipment & Vehicles			(2,092,123)
Payments for working progress			(1,667,944)
Net Cash Provided By (or Used In) Investing Activities		-	(3,006,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		-	-
Net Cash Provided By (or Used In) Financing Activities		-	-
Net Increase (Decrease) in Cash Held			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	11	27,249,986	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 30th 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 Local Government Act, Local Government Regulations and Australian Accounting Standards.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS') as they apply to "not for profit" entities. AIFRS include certain specific provisions relating to not for profit entities that are not included in the International Financial Reporting Standards.

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.

The financial report has been adjusted to align to the Local Government Association of South Australia's Model Financial Statements. In doing so current year and comparative figures have been amended where necessary.

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.

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.

Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when MRC has passed control of the goods or other assets to the buyer.

Revenue from the provision of services is recognised when the services have been provided.

Revenue from investments is recognised on an accrual basis.

Government grants

Grants, contributions and donations are recognised as revenues when MRC obtains control over the assets comprising the contribution.

Where contributions recognised as revenues 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 pertaining to those undischarged conditions are included as a liability for Deferred Income.

Unexpended grants at year end which are refundable to the funding body are also transferred to current liabilities.

Economic dependency

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

Income from commercial operations

For works undertaken on a contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of future claimed entitlement are classified as work in progress.

Financial instruments

Trade receivables, trade payables and other financial liabilities are measured at cost.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that the estimated future cash flows of the investment have been impacted. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

Held-to-maturity investments

Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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 first in first out basis.

Property, plant and equipment

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 estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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

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%

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.

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

All superannuation schemes to which 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

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

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 16.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model.

Section 19 leases previously treated as operating leases will now be recognized under new AASB 16 leases.

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.

The adoption of AASB1004 in the 2017 Financial Year resulted in changes to MRC's accounting policies. The major change that occurred is that Grants and Contributions obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended, are now shown as an Unexpended Grants Reserve within Equity, rather than in previous years where they were shown as a current liability called Deferred Income. The effect of that change in accounting policy can be seen in the Income Statement for Year Ended 30 June 2018 which shows an Operating Deficit of (\$131,505) compared to an Operating Surplus of \$5,586,996 in the previous Financial Year.

MacDonnell Regional Council

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

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. These standards are not expected to result in any material impact on the financial statements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 'Financial Instruments' and the relevant amending standards	01 Jan 2018
AASB 15 'Revenue from Contracts with Customers', AASB 2014- 5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	01 Jan 2018
AASB 16 'Leases'	01 Jan 2019
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	01 Jan 2017
Clarifications to IFRS 15 'Revenue from Contracts with Customers	01 Jan 2018

MacDonnell Regional Council

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

2a ACTIVITIES UNDERTAKEN

The MacDonnell Regional Council commenced operations on 1st 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.

Housing, Community Amenities

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 30th June 2020

2b Funtion Results

OPERATING REVENUES

- Rates
- Statutory Charges - Waste Management
- User Charges & Fees - Other
- Grants - Cth Operational
- Grants - Cth Capital
- Grants - NT Operational
- Grants - NT Capital
- Interest
- Income from Commercial Operations
- Reimbursements & Other Income

OPERATING EXPENSES

- Employee Costs
- Materials & Consumables
- Depreciation & Amortisation
- Other Operating Expenses

OPERATING SURPLUS / (DEFICIT)

TOTAL ASSETS

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rates																		
Statutory Charges - Waste Management																		
User Charges & Fees - Other																		
Grants - Cth Operational																		
Grants - Cth Capital																		
Grants - NT Operational																		
Grants - NT Capital																		
Interest																		
Income from Commercial Operations																		
Reimbursements & Other Income																		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING EXPENSES																		
Employee Costs																		
Materials & Consumables																		
Depreciation & Amortisation																		
Other Operating Expenses																		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING SURPLUS / (DEFICIT)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS																		

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30th 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
Special Purpose Grants		-	-
Capital Grants		529,871	-
Agency Services Grants		15,116,585	14,505,146
Sub-total		16,101,959	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
Grants Received for New or Upgraded Assets		-	-
Agency Services Grants		1,485,853	1,526,864
Sub-total		13,077,126	16,464,622
<i>Grants Received for Operating Purposes</i>		29,179,085	31,867,447
<i>Grants Received for New or Upgraded Assets</i>		-	-
Restatement adjustment			
Total Grants Revenue		29,179,085	31,867,447
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
Transfer from Reserve			
Total Reimbursements & Other Income		655,118	663,370

MacDonnell Regional Council

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

	Notes	2020 \$	2019 \$
4a EMPLOYEE COSTS			
Salaries, Wages, Leave and Allowances, including On-Costs		18,479,469	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		360,468	288,577
Employee Benefits & Other Employee Costs		326,132	314,959
Total Employee Costs		20,987,244	20,191,132
4b MATERIALS & CONSUMABLES			
Building Materials		12,039	23,794
Buildings Repairs & Maintenance		305,864	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		76,354	169,847
Plant & Equipment		88,370	87,121
Purchases - Amoonguna Store		166,671	150,975
Road Furniture & Signage		1,786	287
Tools, Equipment & Minor Assets		840,332	394,006
Vehicles Parts & Tyres		201,489	215,706
Other Materials & Consumables		299,418	626,717
Total Materials & Consumables		3,006,491	3,605,458

MacDonnell Regional Council

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

	2020	2019
Notes	\$	\$
4c DEPRECIATION & AMORTISATION		
Buildings & Facilities	236,953	176,466
Furniture & Fittings	88,427	107,481
Plant & Equipment	480,342	550,682
Vehicles	1,187,505	1,262,924
Total Depreciation & Amortisation	1,993,227	2,097,553
 4d OTHER OPERATING EXPENSES		
Advertising & Promotional Activities	27,345	16,798
Audit Services	52,000	61,000
Computer Services	407,268	478,663
Consulting Fees	123,640	97,210
Contract Labour	2,819,576	2,334,602
Elected Members' Allowances & Training	334,880	340,930
Freight Charges	132,806	150,997
Fuel for Plant & Vehicles	522,641	156,354
Gas, Power, Sewerage & Water	779,675	705,706
Insurance Premiums & Fees	1,742,467	930,106
Legal & Professional Services	6,851	27,409
Local Authority Members' Allowances	14,903	17,053
Memberships & Subscriptions	68,705	66,250
Operating Leases	510,514	306,276
Repayment of Unaccrued Grant Liabilities	187,223	4,876
Telephone & Internet Services	804,463	570,667
Transaction Fees & Taxes	41,565	13,855
Travel, Accommodation & Entertainment	279,873	389,972
Vehicle Registration, Repairs & Maintenance, others	348,934	250,557
Total Other Operating Expenses	9,205,329	6,919,281

MacDonnell Regional Council

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

	Notes	2020 \$	2019 \$
5 ASSET DISPOSALS			
PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		5,831	19,297
Less: Carrying amount of assets sold		-	-
Gain (Loss) on disposal		5,831	19,297
<i>Assets surplus to requirements</i>			
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		-	-
Gain (Loss) on disposal		-	-
VEHICLES			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		193,848	175,469
Less: Carrying amount of assets sold		-	-
Gain (Loss) on disposal		193,848	175,469
<i>Assets surplus to requirements</i>			
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed of		-	-
Gain (Loss) on disposal		-	-
NET GAIN (LOSS) ON DISPOSAL OF ASSETS		199,679	194,766
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		6,790,746	3,749,986

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30th June 2019

	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		87,626	343,452
GST Receivable		44,230	97,043
Prepayments		-	-
Total Trade & Other Receivables		901,405	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>			
<u>Ageing of past due but not impaired trade debtors</u>			
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
<u>Movement in the Allowance for Doubtful Debts</u>			
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
<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 2018 available to Council under this loyalty funds is \$148,240. 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>			
8 INVENTORIES & WORK IN PROGRESS			
Goods for Sale Held at Community Stores & in Bulk Fuel Tanks		70,752	53,852
Work in Progress		-	-
Total Inventories & Work in Progress		70,752	53,852

MacDonnell Regional Council

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

9 PROPERTY, PLANT & EQUIPMENT

Year Ended 30 June 2020	Land	Buildings & Facilities	Furniture & Fittings	Plant & Equipment	Vehicles	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	36,790,286
Additions	-	-	-	514,548	1,482,433	1,996,981
Less: Disposals	-	-	-	(134,460)	(950,443)	(1,084,903)
Adjustment to correct asset classification balance	-	-	-	-	-	-
Balance at 30 June 2020	404,250	21,466,810	918,091	6,796,069	8,117,143	37,702,363
Accumulated Depreciation						
Opening balances at 1 July 2019	-	20,041,561	778,531	5,110,823	4,252,527	30,183,442
Charge for the year	-	236,954	88,427	480,342	1,187,505	1,993,228
Less: Accumulated depreciation on disposals	-	-	-	(134,460)	(754,268)	(888,728)
Adjustment to correct asset classification balance	-	-	-	-	-	-
Balance at 30 June 2020	-	20,278,515	866,958	5,456,705	4,685,764	31,287,942
Net Book Value						
Carrying value at 1 July 2019	404,250	1,425,249	139,560	1,305,158	3,332,627	6,606,844
Carrying value at 30 June 2020	404,250	1,188,295	51,133	1,339,364	3,431,380	6,414,422

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)	(692,405)	(875,584)
Adjustment to correct asset classification balance	-	-	-	-	-	-
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)	(603,314)	(786,493)
Adjustment to correct asset classification balance	-	-	-	-	-	-
Balance at 30 June 2019	-	20,041,561	778,531	5,110,823	4,252,527	30,183,442
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

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30th June 2019

	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
Total Trade and Other Payables		1,911,133	1,777,289
10(b) EMPLOYEE BENEFITS & PROVISION OTHERS			
Annual leave, including on-costs		1,876,750	1,166,718
Long service leave		470,809	560,555
Long service leave - non current		592,326	555,029
Provision for Audit/FBT		43,651	-
Total Current Employee Benefits & Provision Others		2,983,536	2,282,302
11 RECONCILIATION OF STATEMENT OF CASH FLOWS			
Net Surplus / (Deficit)		1,912,010	6,469,662
(Profit) loss on disposal of assets			(194,766)
Interest received			(559,192)
Depreciation of non-current assets			2,097,553
Minor prior period adjustment			(44,321)
(Increase) / Decrease in trade and other receivables			(15,166)
Decrease / (Increase) in Inventory			447,072
Increase / (Decrease) in trade and other payables			287,254
Increase / (Decrease) in provisions			(103,058)
11(a) Net cash provided by operating activities		1,912,010	8,385,038
Reconciliation of Cash and Cash Equivalents			
Cash on Hand & at Bank		6,790,746	3,749,986
Investments - Term Deposits		21,500,000	23,500,000
11(b) Cash & Cash Equivalents at End of the Reporting Period		28,290,746	27,249,986

MacDonnell Regional Council

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

2020
\$

2019
\$

12 UNEXPENDED GRANTS RESERVE

The following grants and other income have been paid to the Council for specific purposes. Any unexpended amounts are treated as deferred 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.

	Closing Balance at 30 June 2020	Movements		Opening Balance at 1 July 2019
		Income	Expenses	
General Purpose				
FAA General Purpose	925,574			925,574
FAA Roads	1,406,979			1,406,979
NT Operational Subsidy	-			-
Specific Purpose				
Baby Fast NT	3,931			3,931
Central Australia Suicide Prevention Workshop	10,000			10,000
Children's Services - DoE	29,431			29,431
Children's Services - IAS	1,133			1,133
Community Safety Program	1,713,747			1,713,747
Community Safety Vehicles, Core, LLN, Cert III	-			-
Community Child Care Fund Capital Works Program	-			-
Community Home Support Program	-			-
Disability in Home Support Services (DIHS) - DOH	-			-
Docker River Child Care Capital Works	206,279			206,279
Energy Efficiency and Sustainability Grant	250,009			250,009
Good Things Activation Grant	15,300			15,300
Good Things Capacity Building Grant	21,250			21,250
Holiday Program Ntaria	(6,000)			(6,000)
Holiday Program Santa Teresa	12,400			12,400
Home Care Projects	559,119			559,119
Home Care Services	405,992			405,992
Indigenous Jobs Package Funding	-			-
Improved Emergency Response Capabilities	-			-
Local Authority Project Funding	655,588			655,588
Natural Disaster Relief Fund	187,223			187,223
Ntaria Bush Camps	(5,000)			(5,000)
NT Jobs Package	-			-
NT Library Grant	103,668			103,668
Outside School Hours Learning Program - DoE	171,340			171,340
Outstations - Homelands Extra Allowance	481,028			481,028
Outstations - Housing Maintenance Program	360			360

MacDonnell Regional Council

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

	2020 \$	Movements		2019 \$
	Closing Balance at 30 June 2020	Income	Expenses	Opening Balance at 1 July 2019
Outstations - Municipal and Essential Services Program	38,546			38,546
Outstations - Homeland Jobs Package	-			-
Outstations - MES SPG	1,047,663			1,047,663
Papunya Harm Reduction Program	(10,000)			(10,000)
Papunya SDC Building	24,859			24,858
Papunya Town Hall R&M - CAYLUS	-			-
Pool Seating Upgrade	-			-
Remote Aboriginal Development Fund	-			-
Remote Oval Capital Grant - Docker River	540,000			540,000
Remote Oval Capital Grant - Haasts Bluff & Papunya	1,349,664			1,349,664
Roads to Recovery	-			-
Remote Sport Program	-			-
School Nutrition Program	-			-
Self Funded Sport & Rec	1,528			1,528
Shade Picnic Area Titjikala	595			595
Solar Park Lighting in 13 Communities	100			100
SLGIF Projects	448,942			448,942
SLGIF Projects - Bagot Street Building Upgrade	1,420,100			1,420,100
SPG Backhoe	-			-
SPG Prime Mover and Side Tipping Trailer	232,275			232,275
SPG 8m Side Loading Compactor Truck	144,084			144,084
SPG 45' Drop Deck Trailer	1,915			1,915
SPG Install Softfall at various parks	-			-
SPG Re-vegetation Project	10			10
Support Youth Boards	(5,000)			(5,000)
Yarning Circles Finke & Titjikala	(5,000)			(5,000)
Youth Development Program	(31,660)			(31,660)
Youth Development - CAYLUS	183,284			183,284
Youth Diversion Program	-			-
Youth Engagement and Education Program	-			-
Youth Engagement Officer - Santa Teresa	-			-
Youth Papunya - CAYLUS	-			-
Youth The Right Track Program	250,000			250,000
Youth Vibe Grant	-			-
Waste Management Co-Ordinator - Council	-			-
Waste Project Stage 3	6,109			6,109
Other Purposes				
Other Committed Funds 17-18 FY	-			-
Tech Services Projects	36			36
Social Club Funds	1,869			1,869
Total Unexpended Grants Reserve	12,789,267	-	-	12,789,267

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30th 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 entity 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	0.85		21,500,000	-		21,500,000
Trade Receivables					346,211	346,211
Rates Receivable					423,339	423,339
Total Financial Assets		6,790,746	21,500,000	0	769,549	29,060,295

Financial Liabilities						
Trade Payables					552,123	552,123
Total Financial Liabilities	-	-	-	-	552,123	552,123

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	0.85		23,500,000	-		23,500,000
Trade Receivables					161,899	161,899
Rates Receivable					344,814	344,814
Total Financial Assets		3,749,986	23,500,000	0	506,713	27,756,699

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 30th June 2020

14 RELATED PARTY DISCLOSURES

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

11 close family members of key management personnel are employed by 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*.

15 Leases

Right to use assets

The biggest change introduced by IFRS 16 is that all leases will be recognised on the balance sheet as right-of-use assets with the corresponding lease liability. IFRS 16 removes the classification of leases as either operating leases or finance leases, treating all leases as finance leases. The only optional exemptions are for short-term leases and leases of low value underlying assets.

Set below are the carrying amount of right-of-use assets recognised with infrastructure and the movements during the period

	Building and other struction
At 1 July 2019	1,208,327
Depreciation	227,459
At 30 July 2020	<u>980,868</u>

Set below are the carrying amount of lease liabilities and the movements during the period

At 1 July 2020	1,208,327
Payments	227,459
At 30 July 2020	<u>980,868</u>

Current	227,459
Non-current	753,409

Leases payment will be increased by Darwin CPI for June quarter.

16 POST BALANCE DATE EVENTS

There were no Post Balance Date Events

OFFICERS' REPORTS

ITEM NUMBER 6.2
TITLE Audit plan for Audit Committees review.
REFERENCE - 274090
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:

Review of audit plan for 2019/20 financial year.

RECOMMENDATION

That Audit Committee review audit plan provided by Merit Partners (MRC auditor).

BACKGROUND/DISCUSSION

- Audit plan to be table at the meeting.

ISSUES/OPTIONS/CONSEQUENCES

Nil

FINANCIAL IMPACT AND TIMING

Nil

CONSULTATION

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ATTACHMENTS:

There are no attachments to this report.