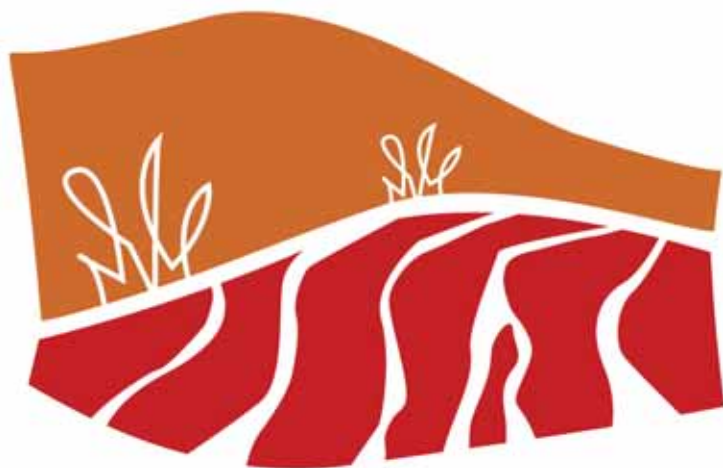


MacDonnell Shire Annual Report 2008-2009



MacDonnell Shire

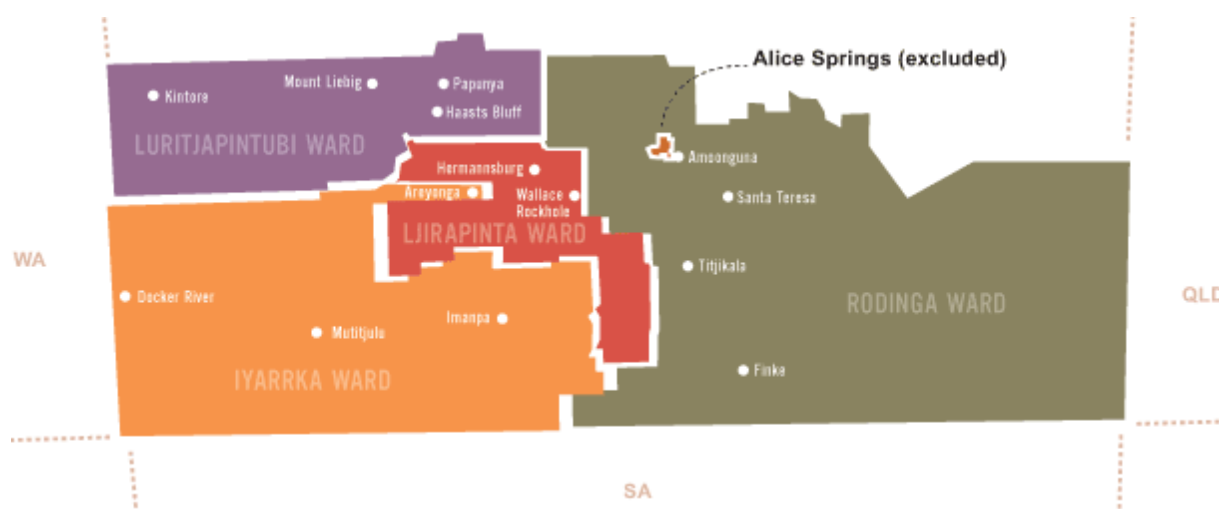
CONTENTS

About the MacDonnell Shire	3
From the President	4
From the CEO.....	5
Vision and Mission	6
Report and Schedule	7
Financial Statements	11

About the MacDonnell Shire

In an arid desert environment, the MacDonnell Shire features many incredible and beautiful panoramic landscapes easily accessed from Alice Springs.

The picturesque swimming holes, magnificent flora and fauna, captivating mountain ranges with changing hues and red desert sands are reasons why the MacDonnell Shire is unique, beautiful and has a deep and powerful strength that can only be felt when travelling across the land.



MacDonnell Shire has a land mass of approximately 268,887km². The Shire comprises of 14 major remote communities, many outstations and commercial enterprises such as Tourism, Mining and Pastoral properties scattered throughout the Shire.

The MacDonnell Shire Council officially commenced its operations on July 1 2008. It was formed as a result of the Northern Territory Government's Local Government Reform. As part of the Reform process, 14 major remote communities located within the MacDonnell Shire have Service Delivery Centres. These communities include:

- Amoonguna
- Utju / Areyonga
- Kaltujatjara / Docker River
- Apatula / Finke
- Ikuntji / Haasts Bluff
- Ntaria / Hermannsburg
- Imanpa
- Walungurru / Kintore
- Watiyawanu / Mt Liebig
- Mutitjulu
- Warumpi / Papunya
- Ltyentye Apurte / Santa Teresa
- Titjikala
- Wallace Rockhole

The estimated population of the MacDonnell Shire is 7000 people.

FROM THE PRESIDENT

SID ANDERSON

We have been operating as a Shire for approximately 1 year, with Council elected in October 2008.

There has been much to learn of the new ways for the Shire. Council has been dealing with these changes and the need for new standards of governance.

All Councillors have embraced a planned training program for governance, and we are learning more about our roles and achieving quite well for this early period as a new Shire.

Council is committed to helping its communities and residents. We have our first Shire Plan, to guide our decisions and services, and with time and learning we will get better.

We have embraced some Core, Commercial and Agency activities to assist our communities and the indigenous living and lifestyle.

I'm proud of the Council in positively dealing with these new ways of governing the Shire: We will be building our services based on "bottom-up" stay and needs – people will have a say in how they will live in the future.

I'm proud to be the President of a Council that is looking for improving living and lifestyles and positively dealing with problems as they arise.



FROM THE CEO

GRAHAM TAYLOR

In these early stages as a new Shire and representing all within the Shire boundaries it has been a challenge for Council and Staff to start dealing with their new obligations. The Shire is in its infancy and seeking opportunities for both efficiency and effectiveness in service delivery to then enhance services within the Shire.

With time, development and commitment to improvement, I'm confident Council and the organisation will further enhance its stakeholder relationships, strategic alignment and best outcomes for the Shire and all its customers and communities.

I commend the energy and commitments of the organisation in moving forward.

Our progress will be developed on a Relationship and Achievements framework.

Relationship and Achievements Framework



There will be many difficult decisions and hurdles to overcome to meet our obligations.

This first Annual Report to 30th June 2009 is our beginning.

VISION

Many voices, one dream, building a quality desert lifestyle

Ngkitja Ntjarra, Tnangkarra Nyinta Wangka Tjuta, Tjukurpa Kutju

MISSION

Through accountable, honest and open governance which respects diverse cultures, MacDonnell Shire Council will listen and communicate with all residents, building on local knowledge, to provide a strong voice and strive to deliver excellent services.

REPORT

Reporting against the Shire Plan brings its own difficulties, and it is recognised the evolving opportunities of staff during this period, the organisational and Councillor development needs, changed environments and external IT service and more all impacts the level of achievement for the Council's plan, plus our growing strategic appreciation.

We are reporting historically and it is difficult to meet the full obligation of reporting data. To this point it is appropriate to identify the Services provided in this period of infancy and change.

SCHEDULES

AGENCY SERVICES	Y / N	COMMENTS
Aged and Disabled Care	☺	Running this service in 9 communities.
Centrelink	☺	Providing services across 14 agent sites – for each of the 14 communities.
Community Media	☺	Maintained the broadcasting media services.
Community Safety	☺	Providing 12 communities with Night Patrol – community safety support.
Economic Development Support	☺ / ☹	Representation on the West MacDonnell Environment & Tourism Authority – support with planning and linked programs.
Environmental Health	☹	
Family (Including Child Care)	☺	6 centres were operating in 6 different communities by the end of the first year.
Housing Infrastructure & Maintenance	☺	As an agent – provided repair & maintenance to 622 houses within the Shire.
Library and Cultural Heritage	☺ / ☹	Commenced divisions regarding – shared library services at Santa Teresa School.
Outstation /Homeland Municipal	☺	Commenced maintenance/repairs for 25 outstations and Mutitjulu.
Youth, Sport and Recreation	☺	Council provided youth & sports programs across 9 communities by the end of this financial year.

CORE SERVICES	Y/N	COMMENTS
Administration of Local Boards	☺	Local Boards have been established – volunteer membership – with training in governance commenced.
Administration of Local Laws	☹	No Local Laws.
Advocacy and Representation	☺ / ☹	Indigenous community representations commenced via Local Boards.
Asset Management	☺ / ☹	Preliminary assessment of Plant & Fleet – asset management skills being gained in the workforce.
Cemetery Management	☺	Maintenance of cemeteries undertaken.
Civic Cultural and Sporting Events	☺ / ☹	Local sporting events supported via sponsorship.
Companion Animal Welfare and Control	☹	Little action undertaken in this period – an Animal Management Plan commissioned.
Financial Management	☺ / ☹	Very limited and historic data with poor historic records – limiting good financial management.
Fleet and Plant Management	☺	Maintenance and replacement programs operating.
Governance	☺	Staged Governance program rolled out for Councillors and Local Boards.
Human Resource Management	☺	Employment, EED, OH & S policies developed, plus vehicle usage.
Information Technology and Communication	☺ / ☹	Limited by the capacity of IT provided to Council via a separate company.
Infrastructure Services Management	☹	Little attention in this period.
Lighting for Public Safety	☹	No planned activities.
Local Emergency Management	☹	No Local Emergency Plan developed.
Local Road Maintenance	☺	As needed approach for maintenance undertaken.
Local Road Upgrade and Construction	☺	Construction and maintenance limited by funds to create a usable service.

CORE SERVICES	Y/N	COMMENTS
Local Welfare and Social Services	☹	
Maintenance Buildings and Fixed Assets	☺	Maintenance undertaken as requested.
Maintenance Parks and Open Spaces	☺	Grassing, grading and fencing undertaken to some open space / recreational areas as requested.
Public and Corporate Relations	☺	Communications and liaison promoted with press and media, plus newsletter and website established.
Records Management	☺ / ☹	In it's infancy:- yet evolving with Technology.
Revenue Growth	☹	No strategy adopted.
Risk Management	☹	No strategy adopted.
Shire Service Delivery Management	☺	Isolated management across 14 centres introduced and operating.
Traffic Management on Local Roads	☹	Responsive attention to these services only.
Training and Employment	☺	Responding to skills needs.
Waste Management	☺	A waste management strategy, commissioned, waste collection undertaken by need.
Weed Control and Fire Hazard Reduction	☹	No plan or strategy.

COMMERCIAL SERVICES	Y / N	COMMENTS
Arts and Culture	☺ / ☹	Arrangements made for incorporation of local arts groups.
Airstrips	☺	Maintain 8 airstrips within the Shire by contract.
Horticulture	☹	No activities undertaken by Council.
Mechanical Workshops	☺ / ☹	Activities undertaken, yet not as a Business Unit.
Non Council Roads	☹	Kintore culverts cleared for DPI & minor repair works to Maryvale Road following late February rain
Post Office	☺	Provided on behalf of Australia Post.
Power, Water and Sewerage	☺	Provided on behalf of Power and Water.
Visitor Accommodation and Tourist Information	☺	Some accommodation available in some communities.

From this data it shows that Council has embraced many roles across its 14 remote communities and the influence of distance.

With time these will be improved practices for efficiency and effectiveness plus increased service levels.

Throughout this period, the Shires financial position has been a concentration for affordability and financial management. However, Council's acquisition of assets from the prior community Councils has a growing and impending impact on Councils sustainability. We will need new asset management approaches that are reinforced with more 'business like' operations.

Council during this term jointly purchased with Central Desert Shire, a 'head office' building for both Councils. Shared financial, rating and some accounting services were entered into with Central Desert Shire. Our financial position is reflected in the following statements, yet it brings the consolidation of the prior community council accounts/audits which then forms the base for this Shire's operations in future years. These historic and unique activities of the past have influenced this Council's practices and will continue to do so for the next few years.

FINANCIAL STATEMENTS

2008-2009

***MacDonnell Shire
Council***

***General Purpose Financial Report
for the Year Ended 30th June 2009***

MacDonnell Shire Council

Index to the Financial Statements For the Year Ended 30th June 2009

<u>Contents</u>	<u>Page</u>
Chief Executive Officer's Certificate	2
Independent Audit Report	3
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9

MacDonnell Shire Council

Chief Executive Officer's Certificate For the Year Ended 30th June 2009

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

- a) The Financial Statements have, to the best of my knowledge, information and belief, been properly drawn up in accordance with the applicable Accounting Standards, the Local Government Act and the Local Government (Accounting) Regulations so as to present fairly the financial position of the council and the results for the financial year ended 30 June 2009, and
- b) the financial statements are in accordance with the accounting and other records of the council.



Chief Executive Officer

19.3.2010
Date

INDEPENDENT AUDIT REPORT TO MACDONNELL SHIRE COUNCIL

We have audited the accompanying financial report of MacDonnell Shire Council (the "Council"), which comprises the balance sheet as at 30 June 2009, operating statement, statement of changes in equity and cash flow statement for the year ended on that date, Chief Executive Officer's certificate and a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act 2008 (the "Act") and the Local Government (Accounting) Regulations. The responsibility of the Chief Executive Officer includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Auditor's Opinion

Unexpended Grants

The balance sheet at 30 June 2009 includes a liability for unexpended grants of \$4,292,678. We were unable to obtain sufficient appropriate audit evidence to support the allocation of expenses between various projects. To the extent that expenses are not correctly allocated to projects for which unexpended funding must be recognised as a liability, that liability and grant revenue will be misstated.

Gain on Restructure

The audit opinion on the financial report of a predecessor council to the Shire, namely Ltyentye Apurte Community Government Council for the year ended 30 June 2008 has not yet been issued. The audit opinion on the financial report of another predecessor council to the Shire, namely Tapatjatjaka Community Government Council for the year ended 30 June 2008 was qualified in respect to existence of property, plant and equipment and validity of stock and receivables. To the extent, if any, that property, plant and equipment, stock, receivables and other balances were misstated at 30 June 2008, the gain on restructure and the operating result for the year ended 30 June 2009 will also be misstated. We are unable to perform audit procedures to enable us to quantify such misstatement, if any.

Revenue

The council derives revenue from a variety of sources, including store sales, rates, service fees and sundry income. The council has determined that it is impracticable to establish controls over the collection of store sales, service fees and sundry income, prior to entry into its financial records. The evidence available to us regarding store sales, service fees and sundry income was limited and our audit procedures had to be restricted to the amounts recorded in the financial records. Therefore, we are unable to express an opinion as to whether the store sales, service fees and sundry income as presented in the financial report are complete.

Function disclosures

We were unable to obtain sufficient appropriate audit evidence to support the classification of results by function as disclosed in Note 2.

Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitations on our audit procedures referred to in the qualification paragraphs not existed, in all material respects, the financial report fairly presents the financial position of MacDonnell Shire Council as at 30 June 2009 and its financial performance, its cash flows and its changes in equity for the year ended on that date.



DELOITTE TOUCHE TOHMATSU



W R McAinsh
Partner
Chartered Accountants

Alice Springs, 19/03/2010.

MacDonnell Shire Council

Income Statement For the Year Ended 30th June 2009

	Notes	\$
INCOME		
Rates		393,144
User charges - waste management		92,850
User charges & fees - rent		621,305
Grants, Subsidies and contributions	3a	30,571,166
Interest		450,893
Income from commercial operations		4,145,348
Reimbursements & other income		3,372,324
Total Income		39,647,030
EXPENSES		
Employee costs	4a	16,466,170
Materials & Consumables		11,164,926
Interest charges		12,911
Depreciation & amortisation	4b	2,397,023
Other operating expenses	4c	6,010,434
Total Expenditure		36,051,464
OPERATING SURPLUS / (DEFICIT)		3,595,566
Net assets transferred free of charge upon restructure of local government	9,17	27,575,671
Less: Impairment of net assets transferred to the Shire upon restructuring of local government	9,17	(12,662,833)
Change in net assets attributable to restructure of local government		14,912,838
NET SURPLUS / (DEFICIT)		18,508,404

Notes to the financial statements are set out on the following pages.

MacDonnell Shire Council

Balance Sheet At 30th June 2009

	Notes	\$
CURRENT ASSETS		
Cash and cash equivalents	5	13,121,841
Investments	6	5,000,000
Trade and other receivables	7	709,872
Inventories	8	258,070
		<u>19,089,783</u>
NON CURRENT ASSETS		
Property, plant and equipment	9	<u>9,783,594</u>
TOTAL ASSETS		<u>28,873,377</u>
CURRENT LIABILITIES		
Payables & Accruals	10a	4,722,721
Employee Benefits	10b	1,032,395
Borrowings	10c	1,005,502
Unexpended Grants	14	3,604,355
		<u>10,364,973</u>
NET ASSETS		<u><u>18,508,404</u></u>
EQUITY		
Accumulated funds		18,508,404
TOTAL EQUITY		<u><u>18,508,404</u></u>

Notes to the financial statements are set out on the following pages.

MacDonnell Shire Council

Statement of Changes in Equity For the Year Ended 30th June 2009

	\$
Accumulated funds at the beginning of the year	NIL
Add: Change in net assets resulting from transfer of accumulated surpluses less impairment adjustments from the predecessor community councils to the Shire upon formation on 1st July 2008	14,912,838
Add: Change in net assets resulting from ordinary operations	3,595,566
Accumulated funds at the end of the year	18,508,404

Notes to the financial statements are set out on the following pages.

MacDonnell Shire Council

Cash Flow Statement For the Year Ended 30th June 2009

	\$
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
<u>Receipts</u>	
Interest received	450,893
Other receipts	10,145,539
Grants utilised for operating purposes	35,020,078
<u>Payments</u>	
Employee Costs	(15,510,052)
Other operating payments	(17,690,056)
Interest paid	(12,911)
Net Cash provided by (or used in) Operating Activities	<u>12,403,491</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
<u>Payments</u>	
Expenditure on new/upgraded assets	<u>(4,775,013)</u>
Net Cash provided by (or used in) Investing Activities	<u>(4,775,013)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
<u>Receipts</u>	
Proceeds from Borrowings	1,005,502
<u>Payments</u>	
Repayments of Borrowings	<u>(35,194)</u>
Net Cash provided by (or used in) Financing Activities	<u>970,308</u>
 Net Increase (Decrease) in cash held	 8,598,786
 Cash & cash equivalents at beginning of period	 NIL
 Net cash assets transferred on restructure	 9,523,055
 Cash & cash equivalents at end of period	 <u><u>18,121,841</u></u>

Notes to the financial statements are set out on the following pages.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

1 SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose report, which has been prepared in accordance with the Local Government Act, Local Government Regulations and Local Government Accounting Code, and all applicable accounting standards and interpretations. The entity is a not for profit entity.

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 date the financial statements were authorised for issue is as shown on the chief executive officer's certificate.

Significant accounting policies

In the application of A-IFRS 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS 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.

It is anticipated that the adoption, in future periods, of standards and interpretations issued but not yet effective, will have no material financial impact on the financial statements.

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

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

Adoption of new and revised Accounting Standards

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

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the entity's accounting policies and has not affected the amounts reported for the current or prior years.

Accounting standards and interpretations issued but not yet effective

It is anticipated that the adoption, in future periods, of standards and interpretations issued but not yet effective, will have no material financial impact on the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

There were no critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the entity's accounting policies and that are likely to have a significant effect on the amounts recognised in the financial statements.

Because the major assets and liabilities of the entity 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.

Accounts Payable

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

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%

Economic dependency

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

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.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

The current portion of employee benefits is the portion to which employees are unconditionally entitled at 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 the entity in respect of services provided by employees up to reporting date.

The superannuation expense for the reporting period is the amount of the contributions the entity makes to the superannuation plans which provide benefits to its employees.

Financial instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade receivables, loans, 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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

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.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

Government Grants

Grants, contributions and donations are recognised as revenues when the entity 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 disclosed in these notes.

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

Impairment of assets

At each reporting date, the entity 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, the entity 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Income tax

The entity is not subject to income tax.

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.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

The local Government reporting entity

All funds and entities through which the entity controls resources to carry on its functions have been included in the financial statements forming part of this financial. In the process of reporting on the local government as a single unit, all balances between activities have been eliminated.

Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the entity 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 when received.

Leased Assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of the minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are charged as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity 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.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

2a ACTIVITIES UNDERTAKEN

The Shire commenced operations on 1st July 2008, pursuant to the provisions of the Local Government Act 2008. The Northern Territory Government's reform program for local government resulted in the new MacDonnell Shire Council taking over all of the local government functions of the following entities with effect from 1 July 2008.

Amoonguna
Aputula Housing Association Inc
Areyonga Community Incorporated
Ikuntji Community Council Incorporated
Imanpa
Ltyentye Apurte Community Government Council
Ntaria Council (Hermannsburg) Incorporated
Papunya Community Council Incorporated
Tapatjatjaka Community Government Council
Wallace Rockhole Community Government
Watiyawanu Community Government Council

The assets and liabilities of these entities were transferred to the new MacDonnell Shire Council with effect from 1st July 2008 at their carrying values.

The major functions undertaken by the entity are:

General public services

Corporate management, administrative support and governance.

Public order and safety

Operation of a night patrol services.

Economic affairs

Community stores, Commercial Fuel Sales, Garage Workshop activities.

Housing, Community Amenities

Housing repairs and maintenance and new housing.

Health

Child nutrition program.

Recreation, Culture & Religion

Provision of sports, recreation and leisure facilities. BRACS operation.

Education

Preschool care.

Social Protection

Public Behaviour & Youth Programme, Aged care.

MacDonnell Shire Council

Notes to the Financial Statements
For the Year Ended 30th June 2009

2b FUNCTION RESULTS

	General Public Services	Public Order & Safety	Economic Affairs	Housing & Community	Health	Recreation, Culture &	Education	Social Protection	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES									
Rates	393,144								393,144
Statutory & User Charges	92,850								92,850
User charges - waste management	168,043			453,262					621,305
Grants - NT recurrent	1,819,406		5,036,557	2,276,155		20,671	489,988	1,217,018	10,859,795
Grants - NT capital	316,227		181,896				3,000		501,123
Grants - Cwllth recurrent	5,501,851	3,007,120	1,960,240		120,008		4,236,540	1,599,399	16,425,158
Grants - Cwllth capital	533,159	890,000	87,980				558,415	715,536	2,785,090
Investment Income	748		450,145						450,893
Reimbursements & other Revenues	255,082		4,051,299	3,196,811		4,940	8,914	626	7,517,672
	9,080,510	3,897,120	11,768,117	5,926,228	120,008	25,611	5,296,857	3,532,579	39,647,030
OPERATING EXPENSES									
Employee Costs	6,861,544	1,382,910	2,645,961	1,964,137	188,409	77,467	1,909,924	1,435,818	16,466,170
Materials, Contracts & Other	5,133,397	439,371	2,316,958	1,909,521	103,219	96,390	677,581	488,489	11,164,926
Interest Charges			12,911						12,911
Depreciation			2,397,023						2,397,023
Other operating expenditure	3,613,411		2,397,023						6,010,434
	15,608,352	1,822,281	9,769,876	3,873,658	291,628	173,857	2,587,505	1,924,307	36,051,464
TOTALS	(6,527,842)	2,074,839	1,998,241	2,052,570	(171,620)	(148,246)	2,709,352	1,608,272	3,595,566
Assets									28,873,377

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

\$

3a GOVERNMENT GRANTS RECOGNISED AS REVENUE

From Commonwealth of Australia Government Agencies

Operating grants	1,984,519
Special Purpose grants	294,534
Capital grants	2,785,090
Agency services grants	10,962,291
Sub-total	<u>16,026,434</u>

From Northern Territory Government Agencies

Operating grants	4,710,799
Special Purpose grants	2,691,040
Capital grants	501,125
Agency services grants	6,641,768
Sub-total	<u>14,544,732</u>

Total Grants Revenue	<u><u>30,571,166</u></u>
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3b OTHER OPERATING REVENUE

Income from commercial services	4,145,348
Rates	393,144
Rents & service fees	621,305
Domestic waste charges	92,850
Fundraising & donations	18,648
Reimbursements	3,353,676
Total Other Operating Revenue	<u><u>8,624,971</u></u>

4a EMPLOYEE COSTS

Salaries, wages and allowances, including on-costs	14,791,450
Employer's Superannuation contributions	814,124
Employee benefits and other employee costs	583,055
Training programs	270,912
Protective clothing	6,629
Total Employee Costs	<u><u>16,466,170</u></u>

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

	\$
4b DEPRECIATION	
Buildings	1,387,401
Plant & Equipment	425,677
Furniture & Equipment	25,377
Vehicles	558,568
Total Depreciation	2,397,023
4c OTHER OPERATING EXPENSES	
Telephone & Internet services	386,893
Insurance Premiums and Fees	381,180
Gas, Power, Sewerage & Water	517,736
Fuel for Plant and Vehicles	727,858
Vehicle Registration Fees	197,617
Provision for Bad & Doubtful Debts	167,779
Postage, Freight & Courier Services	140,183
Legal Fees	111,237
Advertising & Promotional Activities	243,524
Audit Fees	78,208
Accountancy and ITC Services	1,100,317
Memberships & subscriptions	46,342
Operating Leases	332,018
Software Licenses & support fees	427,154
Travel & Accommodation	206,358
Contract Labour	817,141
Transaction Fees & Taxes	126,906
Other minor expenses	1,983
Total Other Operating Expenses	6,010,434

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

\$

5 CASH AND CASH EQUIVALENTS

Westpac Operating Account	330,145
Westpac Enterprise Development Account	388,045
Westpac Trust Account	6,815,351
Westpac ICC Account	4,317,250
Bank Accounts for community stores	1,106,863
Predecessor community council accounts	157,687
Petty Cash	6,500
Total Cash & Cash Equivalents	13,121,841

The following portion of cash and bank balances is subject to restrictions in that it represents unexpended grant funds provided for specific purposes.

Included in liabilities	3,604,355
Included in revenue	240,355
	3,844,710

6 INVESTMENTS

Interest earning term deposits at Westpac Bank Ltd.	5,000,000
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7 TRADE AND OTHER RECEIVABLES

Trade Receivables	569,190
Allowance for Doubtful Debts	(149,306)
Rates Receivable	13,574
Sundry Receivables	203,000
Prepayments	73,414
Total Trade & Other Receivables	709,872

8 INVENTORIES

Held at community stores	258,070
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MacDonnell Shire Council

Notes to the Financial Statements
For the Year Ended 30th June 2009

9 PROPERTY, PLANT AND EQUIPMENT

Gross Carrying Amount at Cost or Valuation

Opening balances upon formation of the Shire Council
Add: Assets transferred to the Shire from Predecessor Entities
Less: Impairment Adjustment to Opening Balances
Opening Balances After Impairment Adjustment
Additions
Disposals
Balance at end of current year

Accumulated Depreciation

Opening balances upon formation of the Shire Council
Add: Opening Balances Transferred from Predecessor Entities
Less: Impairment Adjustment to Opening Balances
Opening Balances After Impairment Adjustment
Charge for the Year
Less: Accumulated depreciation on disposals
Balance at end of current year

Net Book Value

Carrying value at start of current year

Carrying value at end of current year

Land \$	Buildings \$	Plant & Equipment \$	Furniture & Fittings \$	Vehicles \$	Total \$
50,000	51,997,093	8,187,792	1,510,412	8,696,528	70,441,825
(50,000)	(25,768,460)	(4,135,904)	(1,391,869)	(6,105,490)	(37,451,723)
0	26,228,633	4,051,888	118,543	2,591,038	32,990,102
404,250	1,940,995	478,327	65,871	1,885,570	4,775,013
404,250	28,169,628	4,530,215	134,414	4,476,608	37,765,115
-	37,413,932	5,812,326	1,019,420	6,127,711	50,373,389
-	(16,115,761)	(3,160,500)	(986,505)	(4,526,125)	(24,788,891)
-	21,298,171	2,651,826	32,915	1,601,586	25,584,498
-	1,387,401	425,677	25,377	558,568	2,397,023
-					
-	22,685,572	3,077,503	58,292	2,160,154	27,981,521
-					
404,250	5,484,056	1,452,712	126,122	2,316,454	9,783,594

A building is secured as per the borrowings note.
Please refer to the next page for an explanation of the key assumptions made.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

\$

9 PROPERTY, PLANT AND EQUIPMENT (continued)

The opening balances have been derived from data provided to MacDonnell Shire Council by the various predecessor entities whose local government functions were taken over by the Shire on 1st July 2008.

These balances are supported by audited financial statements and detailed asset registers. A detailed review of this data revealed a number of issues requiring remediation. The key issues, by asset category, were as follows:

Land: With the sole exception of a 50% share in the land component of the Shire's headquarters building in Alice Springs, the Shire has no registered or registerable freehold or leasehold interests in land. Accordingly, any opening balances purporting to be land related have been either impaired or reclassified correctly as building improvements.

Buildings: A detailed analysis of the properties included under this heading has revealed that a significant number of buildings were not transferred to the Shire but were in fact transferred to other government agencies and Non-Governmental Organisations. This process of identification is ongoing and it is anticipated that, due to a lack of documentation, it may not be possible to definitively identify the ownership status of some buildings. The Shire has taken the view that only those buildings in relation to which, at the balance sheet date, it exercised effective control and occupancy, would be recognised as property of the Shire. Impairment adjustments have been made as required.

Plant & Equipment: The Shire has undertaken a comprehensive physical stocktake of all plant and equipment in the 14 communities at which it provides local government services. The findings of this stocktake revealed a large number of discrepancies with the asset registers of the communities. In particular, a number of items purporting to have a significant book value were in fact found to be unserviceable or missing. Accordingly, impairment adjustments have been made so as to write down the value of plant and equipment to a level which represents a more realistic assessment of real economic value.

Vehicles: As with plant and equipment, a comprehensive stocktake has revealed a number of unserviceable and missing vehicles. Furthermore, some items had been transferred to third parties immediately prior to or immediately after the 1st July 2008 cutover date. Several vehicles were assessed as being unfit for use. Other vehicles have been assessed as surplus to requirements. The Shire has impaired the value of the vehicle fleet to reflect the unserviceable, missing and surplus vehicles.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

\$

Office Equipment: A detailed review of the assets registers of the predecessor entities revealed a high proportion of items which fell below the Shire's threshold for capitalisation. Additionally, the degree of wear and tear and dilapidation of these assets was in many instances considerable. Accordingly, the Shire has decided to impair most of these assets so as to reflect their current condition and economic value.

10a TRADE AND OTHER PAYABLES

Creditors	3,563,875
PAYG payable	217,952
GST payable	175,691
Accruals	765,203
	<u>4,722,721</u>

10b EMPLOYEE BENEFITS

Annual leave, including on-costs	928,556
Long service leave	103,839
	<u>1,032,395</u>

10c BORROWINGS

Finance lease	4,182
Westpac Mortgage over 50% of Headquarters premises.	1,001,320
	<u>1,005,502</u>

11 OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Surplus for the year (before transfer from old councils)	3,595,566
Depreciation of non-current assets	2,397,023
Increase (decrease) in doubtful debts provision	149,306
<u>Changes in Net Assets:</u>	
Change in assets and liabilities	
(Increase) / Decrease in trade debtors	761,380
Decrease / (Increase) in Inventory	(58,456)
Increase / (Decrease) in trade creditors and accruals	2,653,002
Increase / (Decrease) in provisions	738,166
Increase / (Decrease) in unexpended grant liability	2,167,504
Net cash provided by operating activities	<u>12,403,491</u>

12 CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

13 STATEMENT OF PERFORMANCE MEASUREMENT

No performance measures had been adopted at the balance sheet date.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

\$

14 CONDITIONS OVER GRANTS

Grants and contributions received in the current and prior periods which were obtained on the condition that they be expended on specified purposes, but which are not yet expended in accordance with those conditions, are as follows:

ICC Grants to MacDonnell Shire Council From 1st July 2008

Imanpa Family Centre Renovations (63648)	28,233
NTER - CCF Kaltukatjara Womens' Centre Capital (63649)	12,411
NTER - CCF Kaltukatjara Womens' Centre Operational (63649)	3,760
CCF Parks & Gardens Wallace Rockhole (63702)	77,337
West MacDonnell Regional Youth Services Enhancement (63771)	882,522
Provision of Municipal Services - Mutijulu Capital (63845)	165,077
Mutijulu Building Refurbishment Capital (63892)	96,940
NTER-CCF 3 Playgrounds Capital (66124)	193,691
NTER-CCF Titjikala additional Womens' Centre Contributions (66134)	24,616
Additional Equipment for Titjikala Youth Program (66302)	2,636
Northern Territory Jobs Transition (63106)	61,780
CDEP	603,123
Ntaria Fire Fighting Unit Capital (63395)	103,719
Ntaria Fire Fighting Unit Operational (63395)	32,835
Sub total	<u>2,288,680</u>

ICC Grants to Predecessor Entities Prior to 1st July 2008

Amoonguna Night Patrol (F74)	30,682
Amoonguna CDEP oncosts (F80)	5,621
Areyonga CDEP Wages (F50)	11,597
Areyonga DCITA Workforce Arts (F56)	4,929
Areyonga DCITA Workforce Sports & Rec. (F57)	13,332
Areyonga DCITA Utju Arts (F61)	3,746
Areyonga DEST Nutrition (F29)	43,600
Aputula CDEP Operational	14,329
Aputula Homelands Capital	18,390
Aputula RIBS	3,661
Aputula Government Business manager FFP	10,229
Aputula Homelands Municipal	3,730
Ikuntji - Department of Family & Community Services - Childcare	64,721
Ikuntji - Department of Family & Community Services - OSHC	49,468
Ikuntji - Department of Family & Community Services - Capital	10,000
Ikuntji Night Patrol	19,926
Ikuntji DCITA Telecommunications Program	10,000
Ikuntji FACSIA Capital	35,107
Ntaria CDEP Oncosts	54,434
Ntaria Art Group	22,119
Ntaria CDEP Wages	120,511
Ntaria BRACS	1,444
Ntaria DOHA CDEP Conversion	15,162

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

	\$
Ntaria DEWDA CDEP Conversion	44,541
Watiyawanu Sports & recreation	2,822
Watiyawanu NTER FFP	14,626
Watiyawanu CDEP Conversion	8,119
Papunya CDEP Wages	(25,752)
Papunya CHIP	4,090
Papunya ICC Recurrent	10,000
Papunya FACS Municipal Employment	42,897
Papunya FACS Recurrent	30,324
Papunya FACS Capital	7,012
Tapatjataka CDEP Wages (6100,6200)	(58,325)
Tapatjataka Indigenous Employment (6101)	6,554
Tapatjataka NTER (6130)	29,218
Tapatjataka Night Patrol (6400)	98,413
Tapatjataka Arts Centre (6801, 6802, 6803, 6804, 6805, 6806)	13,961
Tapatjataka Arts centre capital (6807)	66,000
Tapatjataka Art Workers (6820)	59,725
Tapatjataka Community Mentoring & Training (6900)	907
Wallace Rockhole DEWR Special Measure	8,377
Ltyentye Apurte (No details available and not yet audited)	385,428
Sub total	<u>1,315,675</u>
Total recognised as a liability (refer policy notes)	<u><u>3,604,355</u></u>
<u>Other funding bodies</u>	
DEEWR - Vacation Care	50,061
DEEWR - After School Care	81,995
DEWHA - Indigenous Broadcasting Operational	292
DEWHA - BROS Indigenous Broadcasting Operational	21,120
DHF - Indigenous HACC Workforce	86,887
Total not recognised as a liability (refer policy notes)	<u><u>240,355</u></u>

15 OTHER INFORMATION

The entity is a body corporate under the Local Government Act 2008 of the Northern Territory of Australia.

The principal place of business and registered address of the entity is:
1 Bagot Street, Alice Springs, NT, 0870.

MacDonnell Shire Council

Notes to the Financial Statements For the Year Ended 30th June 2009

16 FINANCIAL INSTRUMENTS

	Ave. Int. rate %	Variable Int. rate \$	Fixed Interest rate		Non- Interest Bearing	Total
			Less than 1 year	1 to 5 years		
Financial Assets						
Cash *	2.95	13,121,841				13,121,841
Term deposits at bank	4.00		5,000,000			5,000,000
Trade receivables	-				569,190	569,190
Total financial assets		13,121,841	5,000,000	-	569,190	18,691,031
Financial Liabilities						
Trade payables	-				3,563,875	3,563,875
Bank bill business Loan	4.40	500,000				500,000
Bank bill business Loan	5.77			500,000		500,000
Unexpended grants					3,604,355	3,604,355
Total financial liabilities		500,000	-	500,000	7,168,230	8,168,230

* 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 significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

There is no foreign exchange risk.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The entity has adopted a policy of only dealing with creditworthy counterparties

Interest rate risk management

The entity has no material exposure to interest rate risk as it's only borrowing is a mortgage over 50% of its HQ building.

Liquidity risk management

The entity manages liquidity risk by matching expenditures to budgeted grant funding each year and by maintaining adequate reserves of cash and term deposits.

MacDonnell Shire Council

Notes to the Financial Statements
For the Year Ended 30th June 2009

Note 17 - RESTRUCTURE OF LOCAL GOVERNMENT

	MSC Prospective Council	Amoonguna	Areyonga	Aputula	Haasis Bluff	Niaria	Watiyawanu	Papunya	Tapajitjaka	Wallace Rockhole	Imanpa	Lyentye Apute*
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash Assets	9,523,055	2,344,583	1,220,583	959,274	498,803	528,644	462,037	209,497	784,386	839,446	128,173	1,280,704
Trade & other receivables	1,620,558	682,493	47,768	33,821	39,198	20,061	74,939	39,595	43,616	207,252	23,555	395,884
Inventories	199,614		13,214							130,268	17,065	39,067
	11,343,227	3,027,076	1,281,565	993,095	538,001	548,705	536,976	249,092	828,002	1,176,966	168,793	1,715,655
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	20,068,437	120,001	3,591,513	911,354	423,714	1,867,489	2,186,808	865,741	5,405,539	3,246,693	284,077	1,079,906
	20,068,437	120,001	3,591,513	911,354	423,714	1,867,489	2,186,808	865,741	5,405,539	3,246,693	284,077	1,079,906
	31,411,664	3,147,077	4,873,078	1,904,449	961,715	2,416,194	2,723,784	1,114,833	6,233,541	4,423,659	452,870	2,795,561
LIABILITIES												
Current Liabilities												
Trade & other payables	2,069,719	166,613	100,301	59,452	54,483	49,685	104,479	109,037	152,601	477,461	41,100	731,838
Borrowings	20,974	5,353					15,621					
Provisions	270,900	17,403	60,180	3,973	30,077	9,300	37,482	10,993	3,664	37,608	4,862	55,358
Unexpended Grant Liability	1,436,851		36,303	86,950	50,339	189,222	258,211	25,567	170,781	216,453	17,596	385,429
	3,798,444	189,369	196,784	150,375	134,899	248,207	415,793	145,597	327,046	731,522	63,558	1,172,625
Non-Current Liabilities												
Borrowings	14,220						14,220					
Provisions	23,329						8,023			15,306		
	37,549						22,243			15,306		
	3,835,993	189,369	196,784	150,375	134,899	248,207	438,036	145,597	327,046	746,828	63,558	1,172,625
GAIN ON RESTRUCTURE OF COUNCIL	27,575,671	2,957,708	4,676,294	1,754,074	826,816	2,167,987	2,285,748	969,236	5,906,495	3,676,831	389,312	1,622,936

The amounts attributable to each of the predecessor Entity are:

Amoonguna	4,676,294
Aputula Housing Association Inc	826,816
Areyonga Community Incorporated	1,754,074
Ikunji Community Council Incorporated	2,167,987
Imanpa	342,234
Lyentye Apute Community Government Council	1,622,936
Niaria Council (Hermannsburg) Incorporated	2,285,748
Papunya Community Council Incorporated	5,906,495
Tapajitjaka Community Government Council	3,676,831
Wallace Rockhole Community Government Council	389,312
Watiyawanu Community Government Council	969,236
MacDonnell Shire Council - Prospective Council	2,957,708
TOTAL	27,575,671

* = Lyentye Apute remains unaudited.