



AGENDA OF THE AUDIT COMMITTEE TO BE HELD IN THE CEO'S OFFICE ON
WEDNESDAY 11 DECEMBER 2024 AT 11:00 AM

1 MEETING OPENED

2. ATTENDANCE AND APOLOGIES

Present: Independent Chair Randle Walker, President Roxanne Kenny, Deputy
President Dalton McDonald, Councillor Lisa Sharman and Councillor
Andrew Davis

Apologies:

3. CONFIRMATION OF MINUTES

- Minutes of the Audit Committee - 29 November 20242

4. CONFLICT OF INTEREST

Nil

5. ACTIONS ARISING FROM PREVIOUS MINUTES

Nil

6. OFFICERS' REPORTS

- 6.1 2024 Audited Annual Financial Report.....4

7. CONFIDENTIAL REPORTS

Nil

8. GENERAL BUSINESS

9. MEETING CLOSED

10. DATE OF NEXT MEETING - 26 SEPTEMBER 2025



MINUTES OF THE AUDIT COMMITTEE HELD IN THE CEO OFFICE - BAGOT STREET - ALICE SPRINGS ON FRIDAY 23 OCTOBER 2024 AT 3.15PM

1 **MEETING OPENED** – At 3.21pm

2 **ATTENDANCE AND APOLOGIES**

Committee Members:

Independent Chair Randle Walker, President Roxanne Kenny, Deputy President Dalton McDonald, Councillor Lisa Sharman, Councillor Andrew Davis and CEO Belinda Urquhart.

Staff:

Sheree Sherry – A/Chief Financial and Information Officer and Osman Kassem – A/Manager Finance.

Apologies:

Nil.

3 **CONFIRMATION OF MINUTES**

3.1 **MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 23 NOVEMBER 2023**

AC2024-001 RESOLVED (Dalton McDonald/Lisa Sharman)

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

4 **CONFLICT OF INTEREST**

Nil

5 **ACTIONS ARISING FROM PREVIOUS MINUTES**

Nil

6 OFFICERS' REPORTS**6.1 2024 DRAFT ANNUAL FINANCIAL REPORT****EXECUTIVE SUMMARY:**

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.

AC2024-002 RESOLVED (Lisa Sharman/Andrew Davis)

That the Audit Committee reviews and notes the Draft General Purpose Financial Report for the year ended 30 June 2024

7 RISK MANAGEMENT

Nil

8 GENERAL BUSINESS

Nil.

12 MEETING CLOSE

The meeting closed at 3.36pm.

13 DATE OF NEXT MEETING - TBA

This page and the preceding page are the minutes of the Audit Committee held on Wednesday 23 October 2024 and are unconfirmed.

President

OFFICERS' REPORTS

ITEM NUMBER	6.1
TITLE	2024 Audited Annual Financial Report
REFERENCE	-
AUTHOR	Sheree Sherry, Chief Financial and Information Officer

**LINKS TO STRATEGIC PLAN**

Goal 01: Developing Communities
Goal 02: Healthy Communities
Goal 03: Empowered 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 the Audit Committee review and note the General Purpose Financial Report for the year ended 30 June 2024.

BACKGROUND/DISCUSSION

The GPFR is prepared in accordance with s207 of the Local Government Act.

1. A Council must prepare a financial statement for each financial year.
2. The annual financial statement must conform with:
 - a. The Australian Accounting Standards; and
 - b. Any other requirements prescribed by regulation; and
 - c. Any guidelines that the Minister may make.

ISSUES/OPTIONS/CONSEQUENCES

Nil.

FINANCIAL IMPACT AND TIMING

Nil.

CONSULTATION

Belinda Urquhart, Chief Executive Officer
Sheree Sherry, Chief Financial & Information Officer
Osman Kassem, Manager Finance

ATTACHMENTS:

- 1 MRC Annual Financial Report 2023-2024



**MacDonnell Regional Council
General Purpose Financial Reports
for the year ended 30 June 2024**

MacDonnell Regional Council
General Purpose Financial Reports
for the year ended 30 June 2024

Table of Contents

	Page #
Chief Executive Officer's Certificate	71
Principal Financial Statements	
Statement of Comprehensive Income	72
Statement of Financial Position	73
Statement of Changes in Equity	74
Statement of Cash Flows	75
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	76
Note 2 - Income	81
Note 3 - Expenses	83
Note 4 - Net gain from disposal of property, plant and equipment	85
Note 5 - Current Assets	86
Note 6 - Infrastructure, Property & Plant & Equipment	87
Note 7 - Liabilities	90
Note 8 - Reserves	91
Note 9 - Reconciliation to Cash Flow Statement	92
Note 10 - Functions	93
Note 11 - Financial Instruments	96
Note 12 - Expenditure Commitments	98
Note 13 - Leases	99
Note 14 - Unexpended Grant Reserve and Unearned Grant Income	100
Note 15 - Related Party Disclosures	103
Note 16 - Auditor's Remuneration	104
Note 17 - Contingent Asset and Liability	104
Note 18 - Events after the Statement of Financial Position Date	104
Audit Report - Financial Statements	

**MacDonnell Regional Council
Chief Executive Officer's Certificate
for the year ended 30 June 2024**

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

- The Financial Statements have been properly drawn up in accordance with the applicable Australian Accounting Standards, the Local Government Act 2019, and the Local Government (General) Regulations 2020 so as to present fairly the financial position of the Council for the year ended 30 June 2024, and
- The Financial Statements are in accordance with the accounting and other records of the Council, and
- There are reasonable grounds to believe that the Council will be able to pay its debts when they become due and payable.


.....
Belinda Urquhart
CHIEF EXECUTIVE OFFICER

Date: 25 October 2024

MacDonnell Regional Council
Statement of Comprehensive Income
for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
INCOME			
Rates & Statutory charges - waste management		2,538,450	2,012,826
User charges	2a	1,167,858	1,029,194
Grants, subsidies and contributions	2d	32,827,548	29,244,236
Income from commercial operations	2b	4,613,945	4,029,773
Reimbursements and other income	2c	812,730	440,700
Net gain from disposal of property, plant & equipment	4	69,159	690,528
Investment income		436,910	619,493
Total Income		<u>42,466,600</u>	<u>38,066,750</u>
EXPENSES			
Employee costs	3a	21,723,410	22,313,388
Materials, contracts & other expenses	3b	17,634,220	14,014,277
Net loss from disposal of property, plant & equipment	4	447,498	-
Total Expenses		<u>39,805,128</u>	<u>36,327,665</u>
OPERATING SURPLUS BEFORE DEPRECIATION		<u>2,661,472</u>	1,739,085
Depreciation and amortisation	3c	9,306,180	8,868,658
NET DEFICIT BEFORE OTHER COMPREHENSIVE INCOME		<u>(6,644,708)</u>	<u>(7,129,573)</u>
OTHER COMPREHENSIVE INCOME			
Revaluation (decrement)/increment	6b	(54,571)	86,352,039
		<u>(54,571)</u>	<u>86,352,039</u>
TOTAL COMPREHENSIVE INCOME		<u>(6,699,279)</u>	<u>79,222,466</u>

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

MacDonnell Regional Council
Statement of Financial Position
as at 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5a	18,876,109	19,163,364
Trade & other receivables	5b	2,425,855	1,204,895
Inventories	5c	118,841	106,725
Total Current Assets		<u>21,420,805</u>	<u>20,474,984</u>
Non-current Assets			
Property, plant & equipment	6a	89,757,995	96,762,481
Capital Work In Progress	6c	30,000	10,091
Total Non-current Assets		<u>89,787,995</u>	<u>96,772,572</u>
Total Assets		<u>111,208,800</u>	<u>117,247,556</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7a	1,527,495	965,098
Employee benefits	7b	1,903,565	2,071,452
Lease liabilities	7c	176,137	222,712
Grant advance	14b	-	3
Unearned grant income	14b	7,034,764	6,547,535
Total Current Liabilities		<u>10,641,961</u>	<u>9,806,800</u>
Non-current Liabilities			
Employee benefits	7b	360,341	345,946
Lease liabilities	7c	165,418	354,450
Total Non-current Liabilities		<u>525,759</u>	<u>700,396</u>
Total Liabilities		<u>11,167,720</u>	<u>10,507,196</u>
NET ASSETS		<u>100,041,080</u>	<u>106,740,360</u>
EQUITY			
Accumulated Surplus		7,169,288	15,043,658
Unexpended Grant Reserve	14a	1,574,325	344,663
Assets Revaluation Reserves	6b, 8	86,297,468	86,352,039
Other Reserves	8	5,000,000	5,000,000
TOTAL EQUITY		<u>100,041,081</u>	<u>106,740,360</u>

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

MacDonnell Regional Council
Statement of Changes in Equity
for the year ended 30 June 2024

	Accumulated Surplus \$	Unexpended Grant Reserve (Note 14a) \$	Assets Revaluation Reserves (Note 8) \$	Other Reserves (Note 8) \$	TOTAL EQUITY \$
30 June 2024					
Balance at beginning of year	15,043,658	344,663	86,352,039	5,000,000	106,740,360
Net (Deficit)/Surplus for Year	(6,644,708)	-	-	-	(6,644,708)
Assets Revaluation	-	-	(54,571)	-	(54,571)
Total Comprehensive Income	(6,644,708)	-	(54,571)	-	(6,699,279)
Transfers between Accumulated Surplus and Reserves	(1,229,662)	1,229,662	-	-	-
Balance at end of Year	7,169,288	1,574,325	86,297,468	5,000,000	100,041,081
30 June 2023					
Balance at beginning of year	10,140,458	2,465,227	-	14,912,209	27,517,894
Net (Deficit)/Surplus for Year	(7,129,573)	-	-	-	(7,129,573)
Gain on Assets Revaluation	-	-	86,352,039	-	86,352,039
Total Comprehensive Income	(7,129,573)	-	86,352,039	-	79,222,466
Transfers between Accumulated Surplus and Reserves	12,032,773	(2,120,564)	-	(9,912,209)	-
Balance at end of Year	15,043,658	344,663	86,352,039	5,000,000	106,740,360

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

MacDonnell Regional Council
Statement of Cash Flows
for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general and other		2,344,815	1,882,593
User charges		1,167,858	1,029,194
Income from commercial operations		3,781,128	5,611,984
Grants, subsidies and contribution		33,314,774	27,196,401
Reimbursements and other income		812,730	440,700
<i>Payments:</i>			
Employee costs		(21,876,902)	(22,894,493)
Materials and contracts		(5,098,432)	(5,341,506)
Other operating expenses		(12,180,015)	(8,344,382)
Net Cash provided by / (used in) Operating Activities	9b	2,265,956	(419,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Interest received		436,910	619,493
Proceeds on sale of property, plant and equipment		476,847	690,528
<i>Payments:</i>			
Purchase of Property, Plant and Equipment		(3,231,361)	(4,282,675)
Net Cash used in Investing Activities		(2,317,604)	(2,972,654)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of lease liabilities	13	(235,607)	(269,798)
Net Cash used in Financing Activities		(235,607)	(269,798)
Net Decrease in cash held		(287,255)	(3,661,961)
Cash & cash equivalents at beginning of period	5a, 9a	19,163,364	22,825,325
Cash & cash equivalents at end of period	5a, 9a	18,876,109	19,163,364

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1 - Material Accounting Policies

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

1.1 Basis of Preparation

1.1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board and Interpretations, the requirements of the Local Government Act 2021, the Local Government (General) Regulations 2021, and the relevant Northern Territory legislation.

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

1.1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention, except for the revaluation of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Council is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

1.1.3 Critical Accounting Estimates

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

1.1.4 Rounding

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

1.2 The Local Government Reporting Entity

MacDonnell Regional Council has its principal place of business at 2/1 Bagot Street, The Gap NT. This general purpose financial statements include the Council's direct operations and all cost centres through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and cost centres have been eliminated.

1.3 Income recognition

1.3.1 Revenue

The Council recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

1.3.2 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1 - Material Accounting Policies

1.3.3 Rates and levies

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

1.3.4 Rendering of Services

Revenue from rendering of services is recognised when the Council satisfies the performance obligation by transferring the promised services. The Council typically satisfies its performance obligations when:

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

1.3.5 Fees and Other Charges

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

1.3.6 Interest

Interest received from term deposits is accrued over the term of the investment.

1.4 Cash, Cash Equivalents and Other Financial Instruments

1.4.1 Cash, Cash Equivalent Assets

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

1.4.2 Other Financial Instruments

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined by the Council. Other receivables are generally unsecured and do not bear interest.

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 11.

1.5 Inventories

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

1.6 Infrastructure, Property, Plant & Equipment

1.6.1 Initial Recognition

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

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

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1 - Material Accounting Policies

1.6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied to property, plant and equipment (except land) during the year are given in Note 6. No capitalisation threshold is applied to the acquisition of land.

1.6.3 Subsequent Recognition

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Formal revaluations are at fair value, being re-valued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at reporting date, from its fair value. The regularity of independent valuations depends upon the volatility of movements in the market value of the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the asset is restated to the revalued amount.

Additions acquired subsequent to initial recording are recognised as cost. These costs are deemed to be the fair value at 30 June 2023. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 6.

At each reporting date, the Council 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 Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 6. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

1.6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1 - Material Accounting Policies

1.7 Payables

1.7.1 Goods & Services

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

1.7.2 Payments Received in Advance & Deposits

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

1.8 Provisions

1.8.1 Employee Benefits

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

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

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

1.8.2 Superannuation

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

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

All superannuation schemes to which the Council makes contributions on behalf of employees are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

1.8.3 Provisions

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.

1.9 Leases

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

Council as a lessee:

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1 - Material Accounting Policies

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.5 - Impairment of non-financial assets above.

ii) Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.10 GST Implications

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

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

1.11 New and amended standards and interpretations

Standards and interpretations effective from 2023-24

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no or minimal impact on Council financial reporting.

AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement Making Materiality Judgements – Disclosure of Accounting Policies

The Company adopted the amendments to AASB 101 with regard to disclosure of accounting policy effective from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Standards and Interpretations Issued but not yet effective

No Australian accounting standards have been early adopted for 2023-24.

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2 - INCOME

	2024	2023
	\$	\$
	<u> </u>	<u> </u>
a) USER CHARGES		
Equipment Hire	15,251	19,422
Landfill Tipping Fees	95,458	102,534
Property Fees	572,924	442,308
Service Fees	484,225	464,930
	<u>1,167,858</u>	<u>1,029,194</u>
b) INCOME FROM COMMERCIAL OPERATIONS		
Contract Fees	4,577,042	3,830,965
Sales - Amoonguna Store (closed)	36,903	198,808
	<u>4,613,945</u>	<u>4,029,773</u>
c) REIMBURSEMENTS & OTHER INCOME		
Fuel Tax Rebate	32,759	18,009
Insurance Recoveries	530,786	191,745
Reimbursements	222,597	196,846
Other Income	26,588	34,100
	<u>812,730</u>	<u>440,700</u>
d) GRANTS, SUBSIDIES, CONTRIBUTIONS		
Commonwealth of Australia Government Agencies		
Operating Grants	18,494,395	14,797,885
Capital Grants	664,306	1,400,000
Northern Territory Government Agencies		
Operating Grants	14,345,534	10,358,544
Capital Grants	114,469	250,000
Other Agencies		
Operating Grants	245,290	645,597
Total Grants received during the year	<u>33,863,994</u>	<u>27,452,026</u>
Add:		
Grants collected in previous years brought forward to the current year [Note 14(b)]	6,547,538	8,595,387
Less:		
Grant returned/refunded during the year	(549,220)	(258,144)
Unearned grant income as at end of year [Note 14(b)]	<u>(7,034,764)</u>	<u>(6,545,033)</u>
	<u>32,827,548</u>	<u>29,244,236</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2 - INCOME (con't)

	2024	2023
	<u>\$</u>	<u>\$</u>
e) CONDITIONS OVER GRANTS AND CONTRIBUTIONS		
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	6,547,538	8,595,373
Less: expended during the current period from revenues recognised in previous reporting periods:		
Less: expended during the current period from grant collected in previous reporting periods:	(4,052,816)	(5,383,259)
Less: amounts recognised as liabilities in current reporting period due to obligation to pay back the funding body	-	-
Prior year unexpended grants repaid to funding bodies	<u>(549,220)</u>	<u>(258,144)</u>
Subtotal	(4,602,036)	(5,641,403)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Plus: amounts received in this reporting period but not yet expended in accordance with the conditions	5,089,262	3,593,568
Subtotal	<u>5,089,262</u>	<u>3,593,568</u>
Unexpended at the close of this reporting period	<u>7,034,764</u>	<u>6,547,538</u>
Net increase / (decrease) in assets subject to conditions in the current reporting period	<u>487,226</u>	<u>(2,047,835)</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3 - EXPENSE

	2024	2023
	<u>\$</u>	<u>\$</u>
a) EMPLOYEE COSTS		
Salaries, Wages, Leave and Allowances, including On-Costs	18,969,510	19,314,450
Employer's Superannuation Contributions	2,013,954	2,033,638
Workers Compensation paid	97,915	150,618
Protective Clothing	6,405	4,225
Recruitment Expenses	123,723	189,287
Training Programs	392,852	486,177
Employee Benefits & Other Employee Costs	119,051	134,993
Total Operating Employee Costs	<u>21,723,410</u>	<u>22,313,388</u>
Total Number of Employees	459	497
b) MATERIALS, CONTRACTS & OTHER EXPENSES		
<u>Other Operating expenses</u>		
Advertising & Promotional Activities	15,599	23,649
Audit Services	63,604	80,592
Computer Services	1,397,505	818,418
Consulting Fees	269,892	67,561
Contract Labour	3,418,124	2,125,805
Elected Members' Allowances & Training	607,332	519,154
Freight Charges	97,103	136,063
Fuel for Plant & Vehicles	645,279	701,486
Gas, Power, Sewerage & Water	755,892	672,312
Insurance Premiums & Fees	2,002,422	1,856,333
Legal & Professional Services	28,636	13,823
Local Authority Members' Allowances	41,411	20,712
Memberships & Subscriptions	103,851	92,240
Operating Leases	696,672	52,326
Interest on Leased assets	17,658	24,538
Telephone & Internet Services	673,758	882,658
Materials, Consumables and Supplies	102,997	123,119
Travel, Accommodation & Entertainment	743,856	450,363
Vehicle Registration, Repairs & Maintenance	640,792	648,510
Other Expenses	139,232	49,542
	<u>12,461,615</u>	<u>9,359,204</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3 - EXPENSE (con't)

	2024	2023
	<u>\$</u>	<u>\$</u>
<u>Other Materials & Contracts Expenses</u>		
Buildings Repairs & Maintenance	2,728,645	2,439,934
Cleaning Services & Materials	21,232	59,953
Community Infrastructure	795,631	344,144
Food for Services & Catering Costs	695,616	591,497
Furniture & Fittings	98,762	91,571
Plant & Equipment	165,876	235,417
Purchases - Amoonguna Store	35,993	185,054
Road Furniture & Signage	44,670	10,508
Tools, Equipment & Minor Assets	586,180	696,997
	<u>5,172,605</u>	<u>4,655,075</u>
	<u>17,634,220</u>	<u>14,014,279</u>
c) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings & Facilities	6,601,835	6,541,174
Furniture & Fittings	509,688	471,604
Plant & Equipment	800,837	621,762
IT Equipment	66,857	94,920
Vehicles	1,103,179	882,034
Right-of-use	223,784	257,164
	<u>9,306,180</u>	<u>8,868,658</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 4 - NET (LOSS)/GAIN FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Plant and Equipment</i>		
Proceeds from disposal	-	73,904
Less: Carrying amount of assets sold	-	-
Gain on disposal	-	73,904
<i>Vehicles</i>		
Proceeds from disposal	69,159	616,624
Less: Carrying amount of assets sold	-	-
Gain on disposal	69,159	616,624
GAIN ON DISPOSAL OF ASSETS	69,159	690,528
<i>Buildings & Facilities</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	290,123	-
Loss on disposal	(290,123)	-
<i>Plant and Equipment</i>		
Proceeds from disposal	146,615	-
Less: Carrying amount of assets sold	235,159	-
Loss on disposal	(88,544)	-
<i>Vehicles</i>		
Proceeds from disposal	261,073	-
Less: Carrying amount of assets sold	329,904	-
Loss on disposal	(68,831)	-
LOSS ON DISPOSAL OF ASSETS	(447,498)	-
NET (LOSS)/GAIN ON DISPOSAL OF ASSETS	(378,339)	690,528

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 5 - CURRENT ASSETS

	2024	2023
	\$	\$
a) CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	<u>18,876,109</u>	<u>19,163,364</u>
	<u>18,876,109</u>	<u>19,163,364</u>
 b) TRADE & OTHER RECEIVABLES		
Rates - General & Other	1,087,089	698,946
Accrued Revenues	-	54,562
Debtors - general	1,224,943	338,324
GST Recoupment	<u>132,514</u>	<u>130,072</u>
Total	2,444,546	1,221,904
Less: Allowance for Doubtful Debts	<u>(18,691)</u>	<u>(17,009)</u>
	<u>2,425,855</u>	<u>1,204,895</u>
 c) INVENTORIES		
Goods for Sale Held at Community Store (closed)	-	11,614
Other inventory	<u>118,841</u>	<u>95,111</u>
	<u>118,841</u>	<u>106,725</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 6a - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

	2023				2024			
	\$				\$			
	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	520,000	-	-	520,000	520,000	-	-	520,000
Buildings & Facilities	90,284,827	1,891,070	(9,763,167)	82,412,730	90,866,089	1,934,007	(16,314,773)	76,485,323
Furniture & Fittings	1,763,286	18,345	(849,741)	931,890	2,003,106	54,448	(1,426,286)	631,268
Plant & Office Equipment	6,905,610	897,063	(898,844)	6,903,829	6,382,790	1,895,427	(1,651,840)	6,626,377
Vehicles	4,202,000	2,475,615	(1,208,545)	5,469,070	3,546,000	3,633,477	(1,985,628)	5,193,849
Right-to-use - Note 13	-	1,555,854	(1,030,892)	524,962	-	1,400,021	(1,098,843)	301,178
Total IPP&E	103,675,723	6,837,947	(13,751,189)	96,762,481	103,317,985	8,917,380	(22,477,370)	89,757,995

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 6b - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2023						2024	
	Carrying Amount \$	Revaluation Decrement \$	Additions		Disposals \$	Dep'n \$	Reclassification \$	Carrying Amount \$
			New / Upgrade \$	Transfer from WIP \$				
Land	520,000	-	-	-	-	-	-	520,000
Buildings & Facilities	82,412,730	(54,571)	1,019,122	-	(290,123)	(6,601,835)	-	76,485,323
Furniture & Fittings	931,890	-	26,013	10,091	-	(576,545)	-	391,449
Plant & Equipment	6,903,829	-	998,363	-	(235,159)	(800,837)	-	6,866,196
Vehicles	5,469,070	-	1,157,862	-	(329,904)	(1,103,179)	-	5,193,849
Right-to-use - Note 13	524,962	-	-	-	-	(223,784)	-	301,178
Total IPP&E	96,762,481	(54,571)	3,201,360	10,091	(855,186)	(9,306,180)	-	89,757,995

Note 6c - CAPITAL WORK IN PROGRESS

	2024 \$	2023 \$
Building	30,000	10,091

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Asset recognition threshold

Purchases of property, plant and equipment (except for land) are recognised initially at cost in the balance sheet, except for purchases costing less than \$10,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located, including any necessary make good provisions.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Formal revaluations are at fair value, being re-valued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at reporting date, from its fair value. The regularity of independent valuations depends upon the volatility of movements in the market value of the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the asset is restated to the revalued amount.

In 2021/22 financial year, the Council members approved to undertake an appropriate independent valuation assessments of the Council's infrastructure, property, plant and equipment so as to account the completeness and valuation of the Council's recorded assets. This will be the Council's first independent valuation review since its inception in 2008. The valuation process included a physical inspection and verification by a qualified and experienced plant and equipment valuer.

As above, the Fair Value measurement of the Council's infrastructure, property, plant and equipment as at 1 January 2022 was performed by AssetVal, who are independent valuers not related to the Council. AssetVal are members of the Australian Valuers Institute, and have the appropriate qualifications and recent experience in the fair value measurement of the properties in remote locations. The outcome of the valuation report was recognised by the Council on 1 July 2022. There has been no valuation conducted during the 2023-24 financial year.

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Depreciation rate

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%

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 7 - LIABILITIES

	2024		2023	
	\$		\$	
	Current	Non-current	Current	Non-current
a) TRADE & OTHER PAYABLES				
Creditors	252,613	-	-	-
Rates received in advance	198,119	-	3,611	-
Accrued expenses	1,057,353	-	895,387	-
Others	19,410	-	66,100	-
	<u>1,527,495</u>	<u>-</u>	<u>965,098</u>	<u>-</u>
b) EMPLOYEES BENEFITS				
Long Services Leave - employee entitlements	511,956	360,341	647,997	345,946
Annual Leave - employee entitlements	1,391,609	-	1,423,455	-
	<u>1,903,565</u>	<u>360,341</u>	<u>2,071,452</u>	<u>345,946</u>
c) LEASE LIABILITIES				
Leases Liabilities	176,137	165,418	222,712	354,450
	<u>176,137</u>	<u>165,418</u>	<u>222,712</u>	<u>354,450</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 8 - RESERVES

	Opening Balance 1 July 2023 \$	Net Increments/ (Decrements) \$	Transfers, Impairments \$	Ending Balance 30 June \$
ASSET REVALUATION RESERVE				-
Assets Revaluation Reserves	86,352,039	(54,572)	-	86,297,467
TOTAL	86,352,039	(54,572)	-	86,297,467

	Opening Balance 1 July 2023 \$	Transfers to Reserve \$	Transfers from Reserve \$	Ending Balance 30 June 2024 \$
OTHER RESERVES				
Civil - infrastructure upgrade	1,500,000	-	-	1,500,000
Future Works	3,500,000	-	-	3,500,000
TOTAL OTHER RESERVES	5,000,000	-	-	5,000,000

PURPOSES OF RESERVES

Civil infrastructure upgrade reserve is used for future upgrade of waste management system, drainage and footpaths within the Council area.

Future work reserve is used for future capital upgrade or replacement of the Council's property, plant and equipment.

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2024	2023
	\$	\$
Total cash & equivalent assets	<u>18,876,109</u>	<u>19,163,364</u>
Balances per Cash Flow Statement	<u>18,876,109</u>	<u>19,163,364</u>

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

Net Deficit	(6,644,708)	(7,129,573)
Non-cash items in Income statement		
Depreciation and amortisation	9,306,180	8,868,658
Interest received	(436,910)	(619,493)
Gain on disposal of property, plant and equipment	<u>378,339</u>	<u>(690,528)</u>
	2,602,901	429,064
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(1,220,960)	1,451,978
Net (increase) decrease in inventories	(12,116)	26,086
Net increase (decrease) in trade & other payables	562,397	(42,169)
Net decrease in other provisions	(153,492)	(236,633)
Net increase (decrease) in other liabilities	<u>487,226</u>	<u>(2,047,835)</u>
Net Cash provided by / (used in) operations	<u>2,265,956</u>	<u>(419,509)</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 10 – FUNCTIONS

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

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

The major functions undertaken are:

General public services

Corporate management, administrative support and governance.

Public Order and safety

Community Safety, Companion animal management.

Economic affairs

Centrelink services, Essential services, Local roads maintenance, Amoonguna Community store. Postal services, Commercial fuel sales.

Environment Protection

Waste management, litter control, open drains, street cleaning

Housing and Community

Outstation and Staff Housing repairs and maintenance, Fencing.

Health

Child Nutrition program.

Recreation, Culture & Religion

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

Social Protection

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

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 10 - FUNCTIONS (con't)

Note 10.1

	GENERAL PUBLIC SERVICES			PUBLIC ORDER & SAFETY			ECONOMIC AFFAIRS			ENVIRONMENTAL PROTECTION			HOUSING & COMMUNITY		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES															
Rates	1,315,656	1,405,731	1,032,195	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Charges - Waste Management	1,088,881	1,132,718	980,631	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees - Other	56,890	184,661	175,556	24,000	27,182	25,182	-	-	-	-	-	-	380,930	473,836	363,527
Grants - Cth Operational	371,178	-	-	3,842,501	3,950,611	3,569,905	4,312,142	1,649,720	2,748,782	-	-	-	-	-	-
Grants - Cth Capital	-	-	-	-	-	-	1,382,453	-	1,400,000	-	-	-	-	-	-
Grants - NT Operational	10,700,936	8,812,599	9,637,372	14,605	2,500	23,218	2,330,129	3,103,924	1,983,492	916,559	252,100	719,979	339,217	682,831	490,609
Grants - NT Capital	-	45,144	-	-	-	-	22,405	19,325	250,000	-	50,000	-	-	-	-
Grants - Other Operational	5,292	-	9,702	-	-	-	-	-	-	-	-	-	-	-	-
Grants - Other Capital	-	-	-	-	-	-	245,140	-	-	-	-	-	-	-	-
Interest	420,000	436,910	619,493	-	-	-	-	-	-	-	-	-	-	-	-
Commercial operations	-	174	627	-	-	-	4,807,762	4,613,771	4,029,146	-	-	-	-	-	-
Reimbursement and other income	-	201,553	978,118	80,000	5,000	44,609	479	10,934	16,580	160,000	160,000	-	562,058	366,016	61,997
Total Income	13,958,833	12,219,490	13,433,694	3,961,106	3,985,293	3,662,913	13,100,510	9,397,673	10,428,000	1,076,559	462,100	719,979	1,282,205	1,522,683	916,133
OPERATING EXPENSES															
Employee Costs	10,546,707	9,537,475	9,676,877	2,476,870	2,274,576	2,301,375	3,016,782	2,136,833	2,675,077	187,260	234,618	109,711	227,640	246,205	228,835
Materials, Contracts & Other	10,659,324	8,911,472	6,748,098	502,008	616,214	213,344	6,706,698	2,740,465	2,421,595	275,629	264,716	181,454	1,610,665	1,509,362	1,386,609
Depreciation & Amortisation	3,195,000	9,753,678	8,868,657	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	24,401,031	28,202,625	25,293,633	2,978,878	2,890,790	2,514,719	9,723,480	4,877,298	5,096,672	462,890	499,334	291,165	1,838,305	1,755,567	1,615,444
Operating Surplus/(Deficit)	(10,442,198)	(15,983,135)	(11,859,938)	982,229	1,094,503	1,148,194	3,377,030	4,520,375	5,331,328	613,670	(37,234)	428,814	(556,100)	(232,885)	(699,311)
Net Carrying Value of Fixed Assets		89,787,995	96,772,572												

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 10 - FUNCTIONS (con't)

Note 10.1

	HEALTH			RECREATION, CULTURE & RELIGION			EDUCATION			SOCIAL PROTECTION			TOTAL		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES															
Rates	-	-	-	-	-	-	-	-	-	-	-	-	1,315,656	1,405,731	1,032,195
Statutory Charges - Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	1,088,881	1,132,718	980,631
User Charges & Fees - Other	176,783	94,997	112,363	-	-	-	-	-	-	375,249	387,143	352,567	1,013,852	1,167,818	1,029,194
Grants - Cth Operational	553,329	507,190	449,560	705	-	-	-	-	-	12,893,432	12,386,873	5,986,920	21,973,287	18,494,395	12,755,167
Grants - Cth Capital	-	-	-	-	-	-	-	-	-	-	-	-	1,382,453	-	1,400,000
Grants - NT Operational	-	-	-	90,514	89,809	157,813	-	-	-	990,862	1,029,631	1,038,297	15,382,822	13,973,394	14,050,782
Grants - NT Capital	-	-	-	-	-	-	-	-	-	-	-	-	22,405	114,469	250,000
Grants - Other Operational	-	-	-	-	-	-	-	-	-	676,571	245,290	778,586	681,863	245,290	788,288
Grants - Other Capital	-	-	-	-	-	-	-	-	-	-	-	-	245,140	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	420,000	436,910	619,493
Commercial operations	-	-	-	-	-	-	-	-	-	-	-	-	4,807,762	4,613,945	4,029,773
Reimbursement and other income	-	-	1,391	80,720	53,992	25,699	-	-	-	1,036	84,434	2,834	884,293	881,929	1,131,228
Total Income	730,112	602,187	563,314	171,939	143,801	183,513	-	-	-	14,937,151	14,133,371	8,159,204	49,218,415	42,466,600	38,066,751
OPERATING EXPENSES															
Employee Costs	24,156	1,070	-	82,646	86,682	90,227	-	-	-	8,912,928	7,205,951	7,900,041	25,474,990	21,723,410	22,982,143
Materials, Contracts & Other	310,465	124,100	114,145	421,650	330,823	374,745	-	-	-	3,263,685	3,137,066	1,905,533	23,750,123	17,634,219	13,345,524
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	3,195,000	9,753,678	8,868,657
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	334,621	125,170	114,145	504,296	417,505	464,972	-	-	-	12,176,613	10,343,017	9,805,574	52,420,113	49,111,308	45,196,324
Operating Surplus/(Deficit)	395,491	477,017	449,169	(332,357)	(273,704)	(281,460)	-	-	-	2,760,538	3,790,354	(1,646,370)	(3,201,697)	(6,644,708)	(7,129,573)
Net Carrying Value of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	89,787,995	96,772,572

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 11 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Terms & conditions: Short term deposits have an average maturity of 90 days and an average interest rate of 3.50% (2023: 90 days, 3.50%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest (2023: Nil%). Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 13</p>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 11 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

		Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Carrying Values
		\$	\$	\$	\$
30 June 2024					
Financial Assets					
Cash	5(a)	18,876,109			18,876,109
Trade Receivables	5(b)	1,224,943	-	-	1,224,943
		20,101,052	-	-	20,101,052
Financial Liabilities					
Payables	7(a)	1,329,376	-	-	1,329,376
Lease Liabilities	7(c)	176,137	165,418	-	341,555
		1,505,513	165,418	-	1,670,931
30 June 2023					
Financial Assets					
Cash	5(a)	19,163,364	-	-	19,163,364
Trade Receivables	5(b)	338,324	-	-	338,324
		19,501,688	-	-	19,501,688
Financial Liabilities					
Payables	7(a)	961,487	-	-	961,487
Lease Liabilities	7(c)	222,712	354,450	-	577,162
		1,184,199	354,450	-	1,538,649

Net Fair Value

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

Risk Exposures:

Credit risk 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.

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

Liquidity risk is the risk that 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.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Council has no material exposure to interest rate risk.

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 12 - COMMITMENTS FOR EXPENDITURE

	2024	2023
Notes	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	-	278,006
Plant & Equipment	208,946	112,429
Vehicle	56,329	228,505
	<u>265,276</u>	<u>618,940</u>
These expenditures are payable:		
Not later than one year	265,276	618,940
	<u>265,276</u>	<u>618,940</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13 - LEASES

Council as a Lessee

Right of Use Asset

The Right-of-Use Assets includes all assets leased under s19 lease and two leased properties in Alice Springs. The net carrying value of these right-to-use assets as at 30 June 2024 are as follows:

Set out below are the carrying amounts (written down value) of right of use assets recognised within Infrastructure Property

	2024	2023
	\$	\$
Right-of-Use Assets - S19 Aboriginal Land and Office Accommodation		
At 1 July 2023	524,962	821,435
Modification of lease	-	39,309
Other movement	-	(78,618)
Depreciation Charge	<u>(223,784)</u>	<u>(257,164)</u>
At 30 June 2024	<u>301,177</u>	<u>524,962</u>

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	2024	2023
	\$	\$
Opening Balance 1 July 2023	577,162	886,269
Modification of lease	-	39,309
Other movement	-	(78,618)
Payments	<u>(235,607)</u>	<u>(269,798)</u>
At 30 June 2024	<u>341,555</u>	<u>577,162</u>
Current	176,137	222,712
Non Current	165,418	354,450
The following are amounts recognised on profit or loss:		
Depreciation expense right of use asset	223,784	257,164
Interest expense on lease liabilities	17,658	24,538
Expenses relating to operating leases	<u>696,672</u>	<u>52,326</u>
Total amount recognised in profit and loss	<u>938,114</u>	<u>334,028</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 14 - UNEXPENDED GRANT RESERVE AND UNEARNED GRANT INCOME

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

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

The following unexpended grant reserves and unearned grant income, recognised in the Council's statement of changes in equity and statement of financial position, respectively, are as follows:

14(a) UNEXPENDED GRANT RESERVES	2024	2023
	\$	\$
Untied grant income	<u>1,574,325</u>	<u>344,663</u>
14(b) UNEARNED GRANT INCOME		
Commonwealth Grants	2,395,436	2,328,752
Northern Territory Government Grants	4,087,326	3,727,619
Other Grants	<u>552,002</u>	<u>491,167</u>
	<u>7,034,764</u>	<u>6,547,538</u>

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 15 - RELATED PARTY DISCLOSURES

15 RELATED PARTY DISCLOSURES

The related parties of the Council include:

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

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Council President, Council Vice President, Councillors, CEO and certain prescribed officers as per the Related Party Disclosure policy, AASB 124 and regulation 13 of the Local Government Act 2019. In all, 19 persons excluding the CEO were paid the following total compensation:

	2024	2023
	\$	\$
Salaries, allowances & other short term benefits	1,394,872	973,054
Post-employment benefits	97,097	129,427
Long term benefits	8,933	21,224
Termination benefits	89,916	99,529
TOTAL	1,590,818	1,223,234
Local Government Act 2019 regulation 13 requires a separate line for total remuneration provided to the CEO for financial year. The total remuneration provided to the CEO was \$286,348 (2023:\$227,255), comprising of:		
	2024	2023
	\$	\$
Salaries, allowances & other short term benefits	261,463	179,267
Post-employment benefits	24,886	26,764
Long term benefits	-	21,224
Termination benefits	-	-
TOTAL	286,348	227,255

MacDonnell Regional Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 15 - RELATED PARTY DISCLOSURES - continued

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

14 close family members of key management personnel are employed by Council in accordance with the terms of the Award, and in accordance with Local Government Act 2019.

(a) Retirement Benefits

No retirement benefits have been made by the Council to a key management personnel.

(b) Loans to Responsible Persons

No loans have been made, guaranteed or secured by the Council to a key management personnel during the financial year ended 30 June 2024.

(c) Other Transactions

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

(d) Outstanding Amounts

Other than those relating to accrued salaries and provision for employee entitlements, there are no outstanding receivables or payables from / to the Council's key management personnel as at 30 June 2024.

16 AUDITORS' REMUNERATION

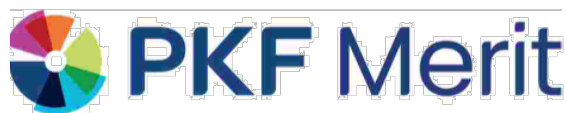
	2024 \$	2023 \$
Audit or review services	60,000	60,000
Other services	-	-
TOTAL	60,000	60,000

17 CONTINGENT ASSETS AND LIABILITIES

Under the terms and conditions of the Constitution of CouncilBiz, the Council and other members have guaranteed the debts and liabilities of CouncilBiz. As at 30 June 2024, the amount of the obligation cannot be measured with sufficient reliability, and has not been recognised in the financial statements.

18 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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



PKF Merit Partnership
ABN 28 448 499 186

Level 2, 9 Cavenagh Street
Darwin NT 0800

PO Box 3470
Darwin NT 0801
Australia

+61 8 8982 1444
clientservices@pkfmerit.com.au
pkf.com.au

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

Opinion

We have audited the accompanying general purpose financial report of MacDonnell Regional Council ("the Council"), which comprises the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of material accounting policies, other explanatory notes and the Chief Executive Officer's Certificate.

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

- (a) giving a true and fair view of the financial position of MacDonnell Regional Council as at 30 June 2024 and of the Council's performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government (General) Regulations*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the *Northern Territory Local Government Act 2008* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standard)* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A stylized signature in black ink that reads "PKF Merit".

PKF Merit

A handwritten signature in black ink, appearing to read "MunLi Chee".

MunLi Chee
Partner
DARWIN

25 October 2024