



# **MEETING OF THE FINANCE COMMITTEE**

**WEDNESDAY 27 OCTOBER 2021**

**11:00AM**

Held at the West Daly Regional Council  
1/4 Albatross Street WINNELLIE NT 0820

This meeting is open to the public excluding confidential  
Council business.

Agenda available by the 22 October 2021 please contact  
Sharon Binns on [info@westdaly.nt.gov.au](mailto:info@westdaly.nt.gov.au)  
or phone: 08 79226403

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## AGENDA

### West Daly Regional Finance Committee Meeting

11:00AM 27 October 2021

WEST DALY REGIONAL COUNCIL REGIONAL OFFICE

4/4 ALBATROSS STREET WINNELLIE NT 0820

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Present

Apologies

Disclosure of interest – Councillors and Staff

Call for Items of General Business

Correspondence In & Out

Reports to Committee

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General Business

Confidential

Next Meeting 15 December 2021



## WEST DALY REGIONAL COUNCIL

### FINANCE COMMITTEE MEETING 27 OCTOBER 2021

#### Report for Agenda Item No 1

Prepared by **James Cartwright, Chief Financial Officer**

#### **Finance Committee of Council: Terms of Reference**

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##### **Purpose**

Finance Committee members to review and note the Committee's Terms of Reference including key responsibilities.

##### **Background**

Clause 19 of the *Local Government (General) Regulations 2021* requires Council to create a Council committee to carry out on behalf of council the finance functions of the council in the months where council does not schedule an ordinary meeting.

The Committee uses it's delegation from Council to undertake necessary functions when Council does not meet including:

- Review the monthly income and expenditure reports, monitor progress against the budget and provide advice to Council on implications of these
- Consider and make appropriate recommendations to Council on any matters having a significant financial impact on the Council
- Review and determine action for any other financial documents that need to be dealt with prior to the next ordinary Council meeting.

##### **Comment**

Although the Committee has delegation from Council for certain functions, it cannot perform the functions which are legally required to be performed by Council, for example the adoption of the Regional Plan.

## Statutory Environment

Clause 19 of the *Local Government (General) Regulations 2021*

## Impact for Council

The following Council policies are relevant to this matter:

- EM02 – Code of Conduct (Elected, Local Authority and Council Committee Members) Policy.
- EM03 – Conflict of Interest (Elected, Local Authority and Council Committee Members) Policy.
- EM04 – Council Meeting Procedures (Elected, Local Authority and Council Committee Members) Policy.

## Strategic Alignment

This report is aligned to the West Daly Regional Plan 2021-22:

Focus 1 – Enhancing our Organisations Culture	
<b>4. Destination: Strengthened Governance</b>	
<b>Destination 4.2</b>	Establish a key focus on Policy and Governance
<b>Destination 4.3</b>	Governance training for Elected Members
<b>Destination 4.4</b>	Improved reporting and accountability processes
<b>Destination 4.5</b>	Ongoing development of Policy and Procedures to support Councils activities and staff

## Recommendation

- 1. That the Finance Committee of Council members review and note the Committee's Terms of Reference.**

## Attachments

- 1 Finance Committee of Council - Terms of Reference



# Terms of Reference

West Daly Regional Council

Finance Committee of Council



### 1. Background

West Daly Regional Council has established the Finance Committee of Council (the Committee) pursuant to section 19 of the Local Government (General) Regulations.

According to section 19 of the Local Government (General) Regulations, if a Council does not schedule an ordinary meeting at least once in each month, the council must appoint a committee and delegate to the Committee the necessary powers to carry out, on behalf of the council, financial functions of the Council in the months the council does not schedule an ordinary meeting.

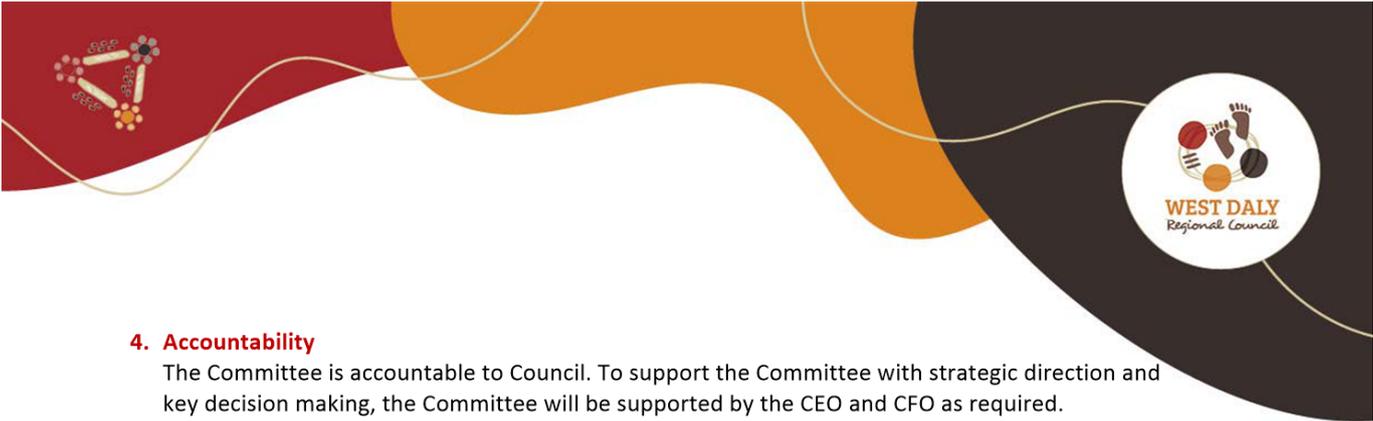
### 2. Purpose

The purpose of the Committee is to assist the Council to undertake its financial functions in the months that the Council does not hold an ordinary meeting.

### 3. Role

The role of the Committee is to:

- Review the monthly income and expenditure reports, monitor progress against the budget and provide advice to Council on implications of these
- Approve adjustments to budget and re-allocation of resources after consultation with affected areas
- Review and accept or reject Program Funding Agreements or any other offers of funding
- Consider and make appropriate recommendations to Council on any matters having a significant financial impact on the Council
- Advise Council on the short, medium and long term financial implications of the Council's Regional Council Plan and any sub-plans
- At least annually, advise Council about the adequacy of the Council's insurance coverage
- On a regular basis, review the financial investments of the Council
- At least annually, review the Council's borrowing program
- Review financial delegations and policies at least annually
- To advise Council on the level of allowances to be paid to Councillors
- Review and determine action for any other financial documents that need to be dealt with prior to the next ordinary Council meeting
- Work with Chief Financial Officer (CFO) to develop the annual budget and ensure it aligns with the Regional Council Plan, presenting it to Council for adoption
- Determine fees and charges to be made by the Council
- Decide which applications for financial aid made to the Council will be supported.
- Contribute to the preparation of the annual financial statements
- Review the annual audited financial statement and auditor's report and recommend any necessary follow-up
- Ensure there is an adequate internal control system, including a fraud protection plan, to minimise financial risk
- Exercise any general authority delegated by Council
- Deal with any tasks that have been delegated from a previous Council meeting
- Consider any matters referred by the Chief Executive Officer (CEO) or the Council



**4. Accountability**

The Committee is accountable to Council. To support the Committee with strategic direction and key decision making, the Committee will be supported by the CEO and CFO as required.

**5. Membership of the Finance Committee of Council**

Position	Role of Member
Mayor	Chair
Deputy Mayor	
Appointed Elected Member	
Chief Executive Officer- Ex-Officio	
Chief Finance Officer- Ex-Officio	
Executive Assistant	Secretariat

Subject matter experts and technical specialists will be invited to attend the Committee meeting to provide advice on matters, as required.

The Chair reserves the right to invite other attendees to Committee meetings as needed.

**5.1 Term of Appointment and Termination of Committee Members**

Appointment of the elected member shall be for a term of two years or until the end of the term of the Council, whichever is the lesser. Committee members cease being a member of the committee if they are no longer an elected member of the Council. The appointment may be terminated by the Council should the member miss two (2) consecutive meetings without an accepted apology or for any other cause reasonably considered by Council.

**5.2 Chair**

The Mayor will chair the Committee. If the Chair is not available, then the nominated Deputy Mayor will Chair will be responsible for convening and conducting that meeting.

**5.3 Member Responsibilities**

Members have the responsibility to:

- o Act in the best interest of West Daly Regional Council and its staff at all times
- o Engage in professional debate, allow diverse perspectives and encourage constructive enquiry
- o Leave meetings with clear-cut agreement around recommendations, decisions and actions
- o Hold one another accountable to commitments, actions and behaviors
- o Retain single unified voice in any internal and external communications following deliberations
- o Provide feedback and communicate decisions to staff as appropriate and encourage two-way communication
- o Respect the confidentiality of information provided.

**6. Meeting Protocols**

**6.1 Terms of Reference**

The Chair of the Committee will initiate an annual review of the Committee’s performance. The review will be conducted on a self-assessment basis, unless otherwise determined by the Chair.



**6.2 Meeting Times**

The Committee will meet in the months where a Council Meeting is not scheduled or as determined by the Chair.

**6.3 Agenda Items, meeting papers and minutes**

- o The Secretariat will prepare the Agenda in consultation with the Chair and, where necessary, seek papers from members
- o Where urgent matters arise that need to be discussed at a meeting, then agreement must be sought from the Chair, through the Secretariat, in advance of the meeting
- o Meeting papers must be provided to the Secretariat at least three working days in advance of a meeting. Papers received after this may not be included at the discretion of the Chair.
- o Agendas and meeting papers will be made available within five working days prior to a meeting
- o Minutes and action items will be distributed within five working days of the meeting.
- o The minutes of the Finance Committee will be tabled at the next Council Meeting.

**6.4 Quorum Requirements**

- o A Quorum is the Chair or Deputy Chair and one other Elected Member appointed by Council
- o Members are expected to attend all meetings. If a member cannot attend a meeting, a formal apology should be sent to the Secretariat. A member who is unable to attend a meeting can be represented by a proxy with consent of the Chair. The proxy will not have voting rights unless they are officially acting in a member’s role.

**6.5 Decision Making**

- o Decisions are made by the consensus of a quorum of members.

<b>Document Name</b>	West Daly Regional Council Finance Committee of Council
<b>Committee Type</b>	Council Committee
<b>Approval Date</b>	29/09/2021
<b>Council Resolution</b>	
<b>Review Frequency</b>	2 years
<b>Review Date</b>	September 2023
<b>Responsible Officer</b>	Chief Financial Officer
<b>Version</b>	1.0





## WEST DALY REGIONAL COUNCIL

### FINANCE COMMITTEE MEETING 27 OCTOBER 2021

#### Report for Agenda Item No 2

Prepared by **James Cartwright, Chief Financial Officer**

#### **General Purpose Financial Statement 2020-2021**

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##### **Purpose**

The Finance Committee of Council members to note the West Daly Regional Council's Draft Audited Financial Statements for 2020-21.

##### **Background**

The Local Government Act 2019, Part 10.7, requires the following be prepared:

##### **Section 207: Annual financial statement**

(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.*

Part 10.8 of the Local Government Act 2019 requires the following:

##### **Section 211: Annual Audit**

(1) *The auditor must, as soon as practicable after the council's annual financial statement is referred to the auditor for audit:*

- (d) *audit the statement; and*
- (e) *report to the council on the results of the audit and, in particular, on any material irregularity in the council's accounting practices or the management of the council's financial affairs identified in the course of the audit*

## **Comment**

Council's Independent Auditor, Deloitte Touche Tohmatsu, conducted an Audit in accordance with Australian Auditing Standard for the accompanying draft financial report of West Daly Regional Council.

The draft financial report comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, the notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's certificate.

The key contact for Council's Independent Auditor, Deloitte Touche Tohmatsu, is Partner Elna Dry. Marco Di Somma, External Audit Director has presented the external audit results to the Audit and Risk Management Committee.

The signed Audited Financial Statements for 2020-21 will be included in the Annual Report be submitted to the Department of Housing and Community Development, as required the *Local Government Act*, by 15 November 2021.

## **Statutory Environment**

*The Local Government Act 2019, Part 10.7.*

## **Impact for Council**

Under Section 211 of the *Local Government Act 2019* Council must receive the report to the council on the results of the audit.

## Strategic Alignment

This report is aligned to the West Daly Regional Plan 2021-22:

### Focus 1 – Enhancing our Organisations Culture

#### *4. Destination: Strengthened Governance*

Journey 4.2	Establish a key focus on Policy and Governance
Journey 4.3	Governance training for Elected Members
Journey 4.4	Improved reporting and accountability processes
Journey 4.5	Ongoing development of Policy and Procedures to support Councils activities and staff

### Recommendation

- 1. That the Finance Committee receives and notes the West Daly Regional Council's Draft Audited Financial Statements for 2020-21.**

## Attachments

- 1 Draft Financial Statements 2021/22



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**West Daly Regional Council**  
**ABN: 25 966 579 574**

**Annual Report**  
**30 June 2021**

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**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

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**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

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**Chief Executive Officer Certificate**

I, Matthew Eastham, the Chief Executive Officer of West Daly Regional Council (the Council), certify that to the best of my knowledge, information and belief:

- a) the financial statements have been properly drawn up in accordance with Australian Accounting Standards, the *Local Government Act 2008*, and the *Local Government (Accounting) Regulations 2008* so as to present fairly the financial position and performance of the Council as at 30 June 2021 and the results for the year then ended; and
- b) the financial statements are in accordance with the accounting and other records of the Council.

.....

Matthew Eastham  
Chief Executive Officer  
Darwin

Date:

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

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**Independence auditor's report**

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**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

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**Independence auditor's report**

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**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Statement of profit or loss other comprehensive income**

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Rates and annual charges	4	1,364,287	1,430,549
User charges and fees	4	997,759	1,166,858
Investment income	4	28,451	81,025
Grants and contributions	4	8,102,087	8,834,480
Other gains and losses	4	(37,880)	96,041
Employee benefits expenses	5	(3,880,788)	(4,493,341)
Material and contracts expenses	5	(1,971,801)	(1,479,777)
Other expenses	5	(3,533,150)	(4,506,675)
Finance costs	5	(198,826)	(198,575)
<b>Surplus for the year (before depreciation expense)</b>		<b>870,139</b>	<b>930,585</b>
Depreciation expense	5	(811,216)	(725,409)
<b>Surplus for the year</b>		<b>58,923</b>	<b>205,176</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>58,923</b>	<b>205,176</b>

The accompanying notes form part of these financial statements

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Statement of financial position**

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents	6	7,696,867	7,179,966
Trade and other receivables	7	132,586	265,766
Inventories	8	149,004	183,761
Other assets		8,750	3,840
<b>Total current assets</b>		<b>7,987,207</b>	<b>7,633,333</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,107,070	3,196,227
Right of use assets	10	3,932,618	3,866,920
<b>Total non-current assets</b>		<b>7,039,688</b>	<b>7,063,147</b>
<b>Total assets</b>		<b>15,026,895</b>	<b>14,696,480</b>
<b>Current liabilities</b>			
Trade and other payables	11	642,403	967,047
Grant liabilities	12	-	108,358
Provisions	13	248,026	266,492
Deferred revenue		1,235,472	638,789
Lease liabilities	14	104,977	73,582
<b>Total current liabilities</b>		<b>2,230,878</b>	<b>2,054,268</b>
<b>Non-current liabilities</b>			
Provisions	13	35,583	47,496
Lease liabilities	14	4,117,899	4,011,104
<b>Total non-current liabilities</b>		<b>4,153,482</b>	<b>4,058,600</b>
<b>Total liabilities</b>		<b>6,384,360</b>	<b>6,112,868</b>
<b>Net assets</b>		<b>8,642,535</b>	<b>8,583,612</b>
<b>Equity</b>			
Retained earnings	15	8,642,535	8,583,612
<b>Total equity</b>		<b>8,642,535</b>	<b>8,583,612</b>

The accompanying notes form part of these financial statements

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Statement of working capital**

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents	6	7,696,867	7,179,966
Trade and other receivables	7	132,586	265,766
Inventories	8	149,004	183,761
Other assets		8,750	3,840
<b>Total current assets</b>		<b>7,987,207</b>	<b>7,633,333</b>
<b>Current liabilities</b>			
Trade and other payables	11	642,403	967,047
Grant liabilities	12	-	108,358
Provisions	13	248,026	266,492
Deferred revenue		1,235,472	638,789
Lease liabilities	14	104,977	73,582
<b>Total current liabilities</b>		<b>2,230,878</b>	<b>2,054,268</b>
<b>Net current assets</b>		<b>5,756,328</b>	<b>5,579,065</b>
<b>Current ratio</b>		3.58	3.72
<b>Acid test ratio</b>		3.51	3.63

The accompanying notes form part of these financial statements

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Statement of changes in equity**

	Note	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 July 2019</b>		<b>19,321,556</b>	<b>19,321,556</b>
Effect of change in accounting policy for initial application of AASB 15 and AASB 16	15	(10,943,120)	(10,943,120)
<b>Balance as at 1 July 2019 - as restated</b>		<b>8,378,436</b>	<b>8,378,436</b>
Surplus for the year		205,176	205,176
<b>Total comprehensive expense for the year</b>		<b>205,176</b>	<b>205,176</b>
<b>Balance as at 30 June 2020</b>		<b>8,583,612</b>	<b>8,583,612</b>
<b>Balance as at 1 July 2021</b>		<b>8,583,612</b>	<b>8,583,612</b>
Surplus for the year		58,923	58,923
Total comprehensive income for the year		58,923	58,923
<b>Balance as at 30 June 2021</b>		<b>8,642,535</b>	<b>8,642,535</b>

The accompanying notes form part of these financial statements

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Statement of cash flows**

	Year ended 30 June 2021	Year ended 30 June 2020
Note	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	2,490,317	2,595,192
Payments to suppliers and employees	(9,706,004)	(10,469,218)
Grants received	8,698,770	9,166,441
Grants repaid	(108,358)	(75,431)
<b>Net cash flows generated by operating activities</b>	<b>1,374,725</b>	<b>1,216,984</b>
	16(b)	
<b>Cash flows from investing activities</b>		
Interest received	28,451	81,025
Payments for property, plant and equipment	(600,583)	(357,621)
Proceeds from sale of property, plant and equipment	7,427	254,170
<b>Net cash flows used in investing activities</b>	<b>(564,705)</b>	<b>(22,426)</b>
<b>Cash flows from financing activities</b>		
Lease liability repayment	(94,293)	(98,697)
Interest paid	(198,826)	(201,193)
<b>Net cash flows used in financing activities</b>	<b>(293,119)</b>	<b>(299,890)</b>
<b>Net increase in cash and cash equivalents</b>	<b>516,901</b>	<b>894,668</b>
Cash and cash equivalents at beginning of year	7,179,966	7,179,966
<b>Cash and cash equivalents at end of year</b>	<b>7,696,867</b>	<b>7,179,966</b>
	16(a)	

The accompanying notes form part of these financial statements

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Notes to the financial statements**

**1. General Information**

West Daly Regional Council (the Council) is a body corporate domiciled in Australia. The Council was in prospective operation from 23 April 2014 to 30 June 2014. On 1 July 2014, the Northern Territory Government mandated the creation of the Council to take effect by de-amalgamating the Victoria Daly Regional Council ("VDRC").

The Council was formed following a meeting of clan groups in the Wadeye, Peppimenarti and Nganmariyanga region, who wanted a stronger voice and greater control over the delivery of services in the Wadeye, Peppimenarti and Nganmariyanga region.

<b>Registered office:</b>	<b>Liaison office</b>
Lot 463, Perdjert Street Wadeye NT 0822	3/4 Albatross Street Winnellie NT 0820

The Council has its main office located in Lot 463, Perdjert Street, Wadeye, with three other offices in Peppimenarti, Nganmariyanga and Darwin.

**2. Application of new and revised Accounting Standards**

**2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year**  
In the current year, the Council has applied the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020. The new and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Council include:

- i. AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material
- ii. AASB 2020-4 Amendments to Australian Accounting Standards - COVID 19 Related Rent Concessions

The following new Standards are not applicable for the Council but are relevant for the period:

- i. AASB 2019-2 Amendments to Australian Accounting Standards - Implementation of AASB 1059

Details of these new requirements as well as their impact on the Council's financial statements are described below:

**AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material**

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and makes consequential amendments to several other pronouncements and publications. The Council has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

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**AASB 2020-4 Amendments to Australian Accounting Standards – COVID 19 Related Rent Concessions**  
**AASB 2021-3 Amendments to Australian Accounting Standards – Covid 19 Related Rent Concessions**

AASB 2020-4 and AASB 2021-3 amend AASB 16 Leases to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in the standard.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
- There is no substantive change to other terms and conditions of the lease.

The amendment in AASB 2020-4 applies to annual reporting periods beginning on or after 1 June 2020 and applied to rent concessions affecting payments originally due on or before 30 June 2021. The amendment in AASB 2021-3 applies to annual reporting periods beginning on or after 1 April 2021 and extends the ambit of the practical expedient to include rent concessions affecting payments originally due on or before 30 June 2022.

The council have elected under s.334(5) of the Corporations Act 2001 to apply AASB 2021-3 prior to its mandatory effective date. These amendments are required to be applied on a retrospective basis, with the cumulative effect of initially applying AASB 2021-3 recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. However, as all additional eligible rent concessions to which the practical expedient has been applied, have been negotiated or entered into during the current financial year, there is no amount that impacts prior financial reporting periods. As a result, there is no retrospective adjustment in respect of retained earnings or other component of equity at the beginning of the reporting period (1 July 2020).

**AASB 2019-2 Amendments to Australian Accounting Standards - Implementation of AASB 1059**

This Standard amends AASB 16 and AASB 1059 to amend transitional relief relating to service concession arrangements.

## West Daly Regional Council

### Annual Report for the year ended 30 June 2021

#### 2.2 Standard and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Council has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/interpretation	Effective annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1060 General Purpose Financial Statements - Simplified Disclosures for Profit and Not-for-Profit Tier 2 Entities	1 Jan 2021	30 June 2022
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022	30 June 2023
AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021:	1 Apr 2021	30 June 2022
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current	1 Jan 2022	30 June 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023	30 June 2024

### 3. Significant accounting policies

#### 3.1. Financial reporting framework

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the requirements of the Local Government Act 2008, the Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The Council is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by **the Council on the \_\_\_\_\_**.

#### 3.2. The local government reporting entity

The resources that the Council controls to carry on its functions have been included in the financial statements forming part of the report.

A summary of activities listing along with their contribution to the operating result is provided in the notes to the financial statements. In the process of reporting on the local government as a single unit, all transactions and balances between those activities (for example, loans and transfers between activities) have been eliminated.

#### 3.3. Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Council takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB "Impairment of Assets".

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In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

#### 3.4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, 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.

The following are significant management judgements and estimates in applying the accounting policies of the Council that have the most significant effect on the financial statements.

##### Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

##### Useful lives of depreciable assets

The Council estimates the useful lives of depreciable assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

##### Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

##### Fair value of non-financial assets

Management uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 3.5g & 10).

##### Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Council has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Council has applied significant judgement in this regard by performing an analysis of the terms and conditions contained in the grant contracts and review of any accompanying documentation.

#### 3.5. Summary of significant accounting policies

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

##### a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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**b) Employee benefits**

Short-term and long-term employee benefits

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

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**c) Income tax**

The Council is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

**d) Financial instruments**

Financial assets and financial liabilities are recognised in the Council's statement of financial position when the Council becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

The Council classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- a) the council's business model for managing the financial assets and
- b) the contractual cash flow characteristics of the financial asset.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Impairment of financial assets

The Council recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at Fair Value Through Other Comprehensive Income (FVTOCI), lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Council always recognises lifetime Expected Credit Losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Council's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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For all other financial instruments, the Council recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Council measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

#### Derecognition of financial assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **Financial liabilities and equity instruments**

##### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at Fair Value Through Profit or Loss (FVTPL).

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Council, are measured in accordance with the specific accounting policies set out below. Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs.

##### Derecognition of financial liabilities

The Council derecognises financial liabilities when, and only when, the Council's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **e) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **f) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of first-in-first-out. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of purchased inventory are determined after deducting rebates and discounts.

#### **g) Property, plant and equipment**

##### Initial recognition of Property, Plant and Equipment

Property, plant and equipment is initially recognised at cost less accumulated depreciation and any impairment allowance. Cost initially includes expenditure that is directly attributable to the acquisition. Cost related to property, plant and equipment gifted, donated or granted to the Council or transferred to the Council from the constituent councils is the fair value of the asset, plus cost directly attributable to the acquisition.

Recognition occurs at such time as an item is physically located and identified as being under the control of the council by its management, thereby allowing its future economic benefit to flow to the Council. The capitalisation threshold for the recognition of all non-current physical and intangible assets is \$5,000 (\$5,000 for 2020).

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#### Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives used for each class of depreciable assets are for the current and prior periods are:

Class of fixed asset	Useful life	
	2021	2020
Structures and site improvements	10 - 40 years	10 - 40 years
Infrastructure	5 - 40 years	5 - 40 years
Plant and equipment	3 - 10 years	3 - 10 years
Furniture, fittings, and office equipment	4 - 20 years	4 - 20 years
Motor vehicles	4 - 6 years	4 - 6 years

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Revaluations

Property, plant and equipment are measured at fair value, in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted in sufficient frequency (from 3 to 5 years) to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the end of reporting date. The regularity of independent valuations depends upon the volatility of movements in market values of relevant assets.

A comprehensive revaluation of entire property, plant and equipment of the Council as at 30 June 2019 was conducted by Maloney Field Services. Accordingly, the carrying amount of the assets (property, plant and equipment) after revaluation is the restated amount calculated by eliminating any accumulated depreciation as at revaluation date against the gross carrying amounts of the assets.

Revaluation adjustments are made on a class basis. Any revaluation increment upon appraisal is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

Revaluation decrements are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any asset revaluation reserve in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation reserve remaining in equity on disposal of the asset is transferred to accumulated funds.

#### Impairment

Property, plant and equipment were assessed for impairment at 30 June 2021. Where indications of impairment exists, the assets' recoverable amount is estimated and an impairment adjustments is made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows and the asset would be replaced if the Council were deprived of the asset, value in use is taken to be its depreciated replacement cost.

#### **h) Leasing**

##### The Council as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

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Under Section 19 of the Aboriginal Land Rights (Northern Territory) Act 1976, the Northern Land Council ("the Land Trust") and Daly River /Port Keats Aboriginal Land Trust of c/- the Northern Land Council (NLC) granted the Council a 12-year lease of the land in the West Daly Regional Council's region since council establishment, including buildings and other improvements. The lease requires the Council to pay annual lease payments for the term of the lease. It also grants the Council the right to use any other land vested in the Land Trust for access to the Land and normal use and enjoyment of the Land and any building upon it, including provision of any services.

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

#### 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 remeasurements of lease liabilities. Right-of-use assets are depreciated on a straight line basis over the shorter period of lease term and useful life of the underlying asset. Right-of-use assets are also subject to impairment.

#### Lease liabilities

At commencement date of the lease, the Council recognises lease liabilities measured at the present value of the lease payments 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.

#### Short term leases and leases of low-value assets

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Council has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

#### **i) Provisions**

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council 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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **j) Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

##### Rates

Rates are recognised as revenue when the Council obtains control over the asset comprising the receipt. Rates are enforceable debt linked to rateable property that will be recovered when the property is sold, and therefore control normally passes at the time of levying, or where earlier upon receipt of rates paid in advance. The rating period and reporting period for the Council coincide and accordingly, all rates levied for the year are recognised as revenues.

Uncollected amounts are recognised as receivables.

##### Grants, Donations and Other Contributions

When the Council receives government grants that are in the scope of AASB 1058 to enable the Council to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

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.

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In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Council recognises income immediately in profit or loss.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Council and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**k) Economic dependence**

During the year the Council received grants from the Northern Territory and Australian Governments and the future operation of the Council is dependant upon continued government funding.

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**4. Revenue**

An analysis of the Council's revenue for the year from continuing operations is as follows:

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Rates and annual charges:</b>		
General charges	830,670	888,956
Waste management service	533,617	541,593
	<b>1,364,287</b>	<b>1,430,549</b>
<b>User charges and fees:</b>		
Property lease rental fees	299,634	276,860
Service fees	111,104	135,238
Contract fees	467,077	530,357
Other user charges	119,944	224,403
	<b>997,759</b>	<b>1,166,858</b>
<b>Investment income:</b>		
Interest income	28,451	81,025
	<b>28,451</b>	<b>81,025</b>
<b>Grants and contributions:</b>		
Operating grant - Australian Government	3,629,014	4,090,133
Operating grant - Northern Territory Government	3,091,569	3,424,751
Special purpose grant - Northern Territory Government	589,432	558,085
Capital grant - Australian Government	590,822	415,361
<b>Total government grants</b>	<b>7,900,837</b>	<b>8,488,330</b>
<b>Contributions</b>		
Contributions – other	201,250	346,150
<b>Total contributions</b>	<b>201,250</b>	<b>346,150</b>
<b>Total grants and contributions</b>	<b>8,102,087</b>	<b>8,834,480</b>
<b>Other gains and losses</b>	(37,880)	96,041
(Loss)/gain on disposal of property, plant and equipment	<b>(37,880)</b>	<b>96,041</b>
<b>5. Expenses</b>		
Depreciation of property, plant and equipment	644,432	563,167
Depreciation of right of use assets	166,784	162,242
	<b>811,216</b>	<b>725,409</b>
<b>Employee benefits expenses</b>		
Salaries and wages	2,904,666	3,524,728
Leave and other entitlements	325,591	381,926
Superannuation contributions	277,100	339,643
Workers compensation	93,024	105,463
Other staff costs	280,407	141,581
	<b>3,880,788</b>	<b>4,493,341</b>
<b>Material and contracts expenses</b>		
Contractors	1,646,339	1,355,550
Materials	85,690	95,745
Consultancy fees	239,772	28,482
	<b>1,971,801</b>	<b>1,479,777</b>

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	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Other expenses</b>		
Outsourced services	420,114	945,766
Chairman and councillor payments	266,211	248,040
Communication technology expenses	470,016	476,433
Insurance	548,211	511,477
Utilities	194,073	279,746
Repairs and maintenance	1,025,098	1,127,160
Grants repaid	9,848	173,288
Other expenses	599,579	744,765
Total other expenses	<b>3,533,150</b>	<b>4,506,675</b>
<b>Finance costs</b>		
Interest expense on lease liabilities	198,826	198,575
	<b>198,826</b>	<b>198,575</b>
<b>6. Cash and cash equivalents</b>		
Cash in bank and on hand	2,696,867	2,179,966
Cash in term deposits	5,000,000	5,000,000
	<b>7,696,867</b>	<b>7,179,966</b>
<b>7. Trade and other receivables</b>		
Trade receivables	130,371	273,346
Allowance for expected credit losses	(1,208)	(17,287)
	<b>129,163</b>	<b>256,059</b>
Accrued income	3,423	1,707
Bonds and security deposits	-	8,000
	<b>132,586</b>	<b>265,766</b>

The average credit period on goods and services is 30 days. No interest is charged on trade receivables however, the relevant interest rate for the late payment of rates and charges is fixed in accordance with Section 162 of the Act at the rate of 10% per annum and is to be calculated on a daily basis.

The following table details the Council's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument

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	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<u>Ageing of receivables that are past due but not impaired</u>		
60 - 90 days	316	17,992
90 - 120 days	-	-
120+ days	65,471	75,268
<b>Total</b>	<b>65,787</b>	<b>93,260</b>
<u>Movement in the allowance for expected credit losses</u>		
Balance at the beginning of the year	(17,287)	(158,782)
Provision for impairment recognised during the year	-	(13,998)
Impairment & losses recognised during the year	16,079	155,493
Balance at the end of the year	<b>(1,208)</b>	<b>(17,287)</b>
<u>Ageing of impaired receivables</u>		
0 - 30 days	-	-
30 - 60 days	-	-
60 - 90 days	-	-
90+ days	1,208	17,287
<b>Total</b>	<b>1,208</b>	<b>17,287</b>
<b>8. Inventories</b>		
Stock on hand - Fuel, oil and workshop	149,004	183,761
	<b>149,004</b>	<b>183,761</b>
The cost of inventories recognised as an expense during the Year in respect of continuing operations was \$54,544 (2020: \$27,352)		
<b>9. Property, plant and equipment</b>		
<b>Carrying amounts of:</b>		
Structures and improvements	95,376	78,323
Infrastructure	1,311,127	1,435,260
Plant and equipment	947,593	1,084,544
Furniture, fittings and office equipment	-	326
Motor vehicles	575,786	415,491
Work in progress	177,188	182,283
	<b>3,107,070</b>	<b>3,196,227</b>

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9. Property, plant and equipment (continued)

	Structures & site improvements at fair value	Infrastructure at fair value	Plant and equipment at fair value	Furniture and fittings & office equipment at cost	Motor vehicles at fair value	Work in progress at Cost	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance as at 1 July 2020	168,723	3,377,270	2,427,910	85,212	1,145,852	182,283	7,387,250
Additions	44,318	-	70,569	-	308,508	177,188	600,583
Disposals	-	-	(172,818)	-	-	-	(172,818)
Transfer	-	-	182,283	-	-	(182,283)	-
Balance as at 30 June 2021	213,041	3,377,270	2,507,944	85,212	1,454,360	177,188	7,815,015
Accumulated depreciation							
Balance as at 1 July 2020	(90,400)	(1,942,010)	(1,343,366)	(84,886)	(730,361)	-	(4,191,023)
Disposals	-	-	127,511	-	-	-	127,511
Depreciation	(27,265)	(124,133)	(344,496)	(326)	(148,213)	-	(644,433)
Balance as at 30 June 2021	(117,665)	(2,066,143)	(1,560,351)	(85,212)	(878,574)	-	(4,707,945)
Net book value							
As at 30 June 2020	78,323	1,435,260	1,084,544	326	415,491	182,283	3,196,227
As at 30 June 2021	95,376	1,311,127	947,593	-	575,786	177,188	3,107,070

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**9. Property, plant and equipment (continued)**

Impairment losses recognised in the year

Property, plant and equipment were assessed for impairment at 30 June 2021. Where indications of impairment exists, the assets' recoverable amount is estimated and an impairment adjustments is made if the asset's recoverable amount is less than its carrying amount.

No impairment losses have been recognised in the current year profit or loss. (2020: \$0).

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>10. Right-of-use Assets</b>		
<b>Carrying amount:</b>		
At Cost	4,217,189	4,029,162
Accumulated depreciation	(284,571)	(162,242)
	<b>3,932,618</b>	<b>3,866,920</b>
		<b>Right-of-use Assets \$</b>
<b>Balance as 1 July 2020</b>		<b>4,029,162</b>
Additions		<b>232,482</b>
Terminations		<b>(44,455)</b>
<b>Balance as at 30 June 2021</b>		<b>4,217,189</b>

Included in the lease arrangements are buildings, site improvements and structures from the Northern Land Council, under Section 19 of the Aboriginal Land Rights (NT) Act 1976, with significantly below-market terms and conditions principally to enable it to further its objectives.

The Council is dependent on this lease to further its objectives as it utilises the buildings, site improvements and structures to run its operations to deliver its services. The Council is restricted on the use of these assets as agreed with the Northern Land Council and as stated in the lease agreement may not utilise it for other purposes including sub-leasing to other entities. The lease term is for 40 years and the lease payments are effectively nominal. (The lease payments in respect of the land to which the buildings, site improvements and structures are attached are \$246,691 per annum, payable annually in advance. These payments are in respect of the unimproved capital value of the land rather than in respect of the buildings, site improvements and structures.) As outlined in the Council's accounting policy in note 3, the Council has elected to measure this lease at cost.

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	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>11. Trade and other payables</b>		
Trade payables	194,040	239,799
Accrued expenses	348,544	714,209
Other payables	99,819	13,039
	<b>642,403</b>	<b>967,047</b>
Settlement of trade creditors is within payment terms of suppliers.		
<b>12. Grant liabilities</b>		
Unexpended grants to be repaid	-	108,358
	<b>-</b>	<b>108,358</b>
<b>13. Provisions</b>		
Employee benefits (i)		
Current	248,026	266,492
Non-current	35,583	47,496
	<b>283,609</b>	<b>313,989</b>
(i) The provision for employee benefits represents annual leave, vested long service leave and time in lieu entitlements accrued by employees.		
<b>14. Lease Liabilities</b>		
Analysed as:		
Current	104,977	73,582
Non-current	4,117,899	4,011,104
	<b>4,222,876</b>	<b>4,084,686</b>
<b>15. Retained earnings</b>		
Balance at beginning of the year	8,583,612	19,321,556
Surplus for the period	58,923	205,176
Adjustments in respect of new accounting policies*	-	(10,943,120)
<b>Balance at end of financial year</b>	<b>8,642,535</b>	<b>8,583,612</b>

\*The lines indicated are in respect of the application of AASB 15 and AASB 16 in the previous year only

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>16. Statement of cash flows</b>		
<b>a. Reconciliation of cash and cash equivalents</b>		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash in bank and on hand	7,696,867	7,179,966
<b>Balance per Statement of Cash Flows</b>	<b>7,696,867</b>	<b>7,179,966</b>
<b>b. Reconciliation of surplus from operating activities to net cash flows from operating activities</b>		
Surplus for the year	58,923	205,176
Other gains and losses	37,880	(96,041)
Depreciation and impairment losses	811,216	725,409
Investment income	(28,451)	(81,025)
Recognition of unearned revenue	-	(306,827)
Interest expense	198,826	198,575
Decrease/(increase) in assets:		
Trade and other receivables	133,180	(4,601)
Inventories	34,757	(69,448)
Other assets	(4,910)	2,385
Decrease/(increase) in liabilities:		
Trade and other payables	(324,644)	163,452
Provisions	(30,377)	(83,430)
Grant liabilities	(108,358)	(75,430)
Deferred revenue	596,683	638,789
<b>Net cash generated by operating activities</b>	<b>1,374,725</b>	<b>1,216,984</b>

**Non-cash transactions**

During the current year, the Council did not enter into any non-cash transactions (2020: \$0).

**17. Financial Instruments****a. Financial Risk Management Policies**

The main risks West Daly Regional Council is exposed to through its financial instruments are credit risk, liquidity risk, market risk and interest rate risk.

The Council's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

Risk management objectives

The Council has given the Chief Executive Officer (CEO) the power to invest funds of the Council. The Council's objective is to minimise financial risk by investing only in short term deposits with local banks. Monthly reports on investments are prepared and given out at council meetings.

Credit risk

Credit risk is the risk that the counterparty may fail to discharge an obligation to the Council. The Council is exposed to this risk for various financial instruments arising from receivables in the conduct of its operations.

## West Daly Regional Council

### Annual Report for the year ended 30 June 2021

The Council minimises risk by only investing cash in government guaranteed financial institutions or one of Australia's big four banks.

The Council continuously monitors defaults of customers and believes that it does not have any significant credit risk exposure to any other counter party or group of counter parties as the Council actively manages credit risk by following up outstanding debtors.

The Council does not have a material credit risk exposure relating to term deposits and bank accounts held with the Commonwealth Bank of Australia.

The Council believes that it does not have any significant credit risk exposure to any other counter party or group of counter parties as the Council actively manages credit risk by following up outstanding debtors.

None of the Council's financial assets are secured by collateral or other credit enhancements. An ageing analysis of the Council's trade and other receivables is disclosed in Note 7.

#### Liquidity risk

Liquidity risk or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also result from the inability to sell financial assets quickly at their fair values.

The Council reduces its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables.

The Council maintains cash and cash equivalents deemed sufficient to finance its operations. Excess cash are invested in short-term investments to achieve maximum returns.

The tables below summarise the maturity profile of the Council's financial assets held for liquidity purposes and financial liabilities based on remaining contractual undiscounted payments.

<b>30 June 2021</b>				
	<b>Notes</b>	Within three months	>3 months <1 year	<b>Total</b>
Cash and cash equivalents	6	7,696,867	-	7,696,867
Trade and other receivables	7	129,163	-	129,163
Trade and other payables	11	(642,403)	-	(642,403)
		<b>7,183,627</b>	<b>-</b>	<b>7,183,627</b>

<b>30 June 2020</b>				
	<b>Notes</b>	Within three months	>3 months <1 year	<b>Total</b>
Cash and cash equivalents	6	7,179,966	-	7,179,966
Trade and other receivables	7	256,059	-	256,059
Trade and other payables	11	(967,047)	-	(967,047)
		<b>6,468,978</b>	<b>-</b>	<b>6,468,978</b>

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Council is exposed to market risk through its use of financial instruments and specifically to interest rate risks from its operating, investing and financing activities.

## West Daly Regional Council

### Annual Report for the year ended 30 June 2021

#### Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Council is exposed to interest rate risk primarily from its cash surpluses invested in short-term interest-bearing deposits. The deposits are only made with reputable financial institutions with maturity dates generally being no more than 90 days.

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Short term deposits	6	5,000,000	5,000,000

The Council has not entered into any loans or other financial commitments that present exposure to interest rate risk as at the end of reporting period. Credit cards are the only short term financial instrument used by the Council and balances are cleared at month end.

Interest earned on term deposits after they mature may be affected by changes in market interest rates. The following table represents the effect to the statement of profit or loss and other comprehensive income (and corresponding effect to the cash value in the statement of financial position) when the current market interest rate is varied by a 100 basis point is anticipated to be a reasonable estimate of the maximum movement in market interest rates in 2021.

	Year ended 2021	
	+ 100 basis points	- 100 basis points
Effect on statement of profit or loss and other comprehensive income	50,000	(50,000)

	Year ended 2020	
	+ 100 basis points	- 100 basis points
Effect on statement of profit or loss and other comprehensive income	50,000	(50,000)

#### 18. Superannuation

The Council contributes in respect of its employees to an accredited superannuation fund. The Council contributes amounts to the scheme in accordance with the Superannuation Guarantee Charge Act 1992. Contributions to the fund accumulate in the fund to meet members' benefits as they accrue. The amount of superannuation contributions made by the Council during the year ended 30 June 2021 was \$277,100 (2020: \$339,643).

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**19. Commitments for expenditure**

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<u>Capital commitments</u>		
Ablution Block Project	65,975	65,975
Backhoe	171,433	-
Lighting Upgrade and Shaderrails Installation	-	18,533
Mobile Booster System	1,232	1,232
Roads to Recovery	-	359,134
SCALE Project	15,028	-
Sewerage System	1,500	1,500
Shed Additional Bays	114,378	-
Softball and Football Oval Irrigation	140,300	-
Solar Power Station	1,559	1,559
Township Bus Service	29,433	-
Waste Management Facilities Upgrade	1,000,919	1,050,000
Water Dosing Station	20,192	20,192
<b>Total Capital Commitments</b>	<b>1,561,949</b>	<b>1,518,125</b>
<u>Grant commitments</u>		
<u>Operating grant - Australian Government</u>		
Community Patrol	351,369	148,921
Community Patrol Booster Package COVID-19	-	30,000
FAA Roads Grant - received in advance	474,522	537,160
FAA General Purpose Grant - received in advance	259,344	290,120
Local Roads and Community Infrastructure Program (LRCI)	477,502	-
NAIDOC	10,000	-
Solar Power Upgrade	290,310	-
Street Sweeper	3,500	-
<u>Operating grant - Northern Territory Government</u>		
Homelands Extra Allowance	16,780	-
Homelands Jobs Funding	-	117,211
Local Authority Project Funding	754,675	851,380
NAIDOC	-	445
Public Library Services	1,359	20,506
<u>Special purpose grant - Northern Territory Government</u>		
Municipal and Essential Services Funding	351,385	122,002
Outstations and Homelands - Housing Maintenance	97,280	31,242
Solar Power Upgrade	88,500	-
Strategic Local Government Infrastructure Fund	-	402
Water Bubblers and Water Bottles	3,991	-
<u>Operational Commitment – Others</u>		
Australia Day	3,000	304
Papangala Projects	12,662	-
<b>Total Grant commitments</b>	<b>3,196,179</b>	<b>2,149,693</b>
<b>20. Remuneration of auditors</b>		
Audit of the financial statements	32,960	49,436
All other services	12,000	13,309
	<b>44,960</b>	<b>62,745</b>

The auditor of the West Daly Regional Council is Deloitte Touche Tohmatsu.

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

21. Key management personnel compensation	Year ended 30 June 2021 \$	Year ended 30 June 2021 \$
Short-term employee benefits	1,057,807	1,007,771
Post-employment benefits	91,877	85,243
Termination benefits	181,700	38,390
	<b>1,331,384</b>	<b>1,131,404</b>

Key management personnel include the one Chief Executive Officer, two Directors; and twelve members of the management team.

**22. Events after the reporting period**

The Novel Coronavirus (COVID-19) was declared a pandemic in March 2020 by the World Health Organisation (WHO). Subsequent to the end of the financial year, there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 and significant government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures, travel and trade restrictions imposed by the Australian government have caused significant disruption to business and economic activity. The Council considers this to be a non-adjusting post balance sheet event. No economic impacts resulting from COVID-19 have been included in the financial results for the year ended 30 June 2021.

The extent of the future impact of COVID-19 on the Council's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulations imposed by the government with respect to further outbreak, and the impact on its operations, employees and vendors all of which are uncertain and cannot be predicted.

There have been no subsequent events or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

**West Daly Regional Council**  
Annual Report for the year ended 30 June 2021

**Appendix 1 Functions Reporting (Unaudited)**

a. Revenues and expenses have been attached to the following functions/activities:

	GENERAL PUBLIC SERVICES		ECONOMIC AFFAIRS		ENVIRONMENTAL PROTECTION		HOUSING & COMMUNITY AFFAIRS		RECREATION, CULTURE & RELIION		EDUCATION		SOCIAL PROTECTION		TOTAL	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
<b>OPERATING REVENUES</b>																
Rates and Annual Charges	871,735	830,669	-	-	544,000	533,617	-	-	-	-	-	-	-	-	1,415,735	1,364,287
User Charges	437,321	72,203	821,000	895,195	-	12,155	16,000	18,205	10,000	-	-	-	-	-	1,284,321	997,759
Investment Income	60,000	28,451	-	-	-	-	-	-	-	-	-	-	-	-	60,000	28,451
Grants and Contributions	4,764,123	1,757,018	4,509,233	4,680,302	-	-	-	402	120,526	119,924	54,782	-	1,395,519	1,544,440	10,644,183	6,102,087
Other Gains and Losses	-	(9,589)	-	(28,291)	-	-	-	-	-	-	-	-	-	-	-	(27,880)
<b>Total</b>	<b>6,133,179</b>	<b>2,678,733</b>	<b>5,330,233</b>	<b>5,547,205</b>	<b>544,000</b>	<b>545,772</b>	<b>16,000</b>	<b>18,608</b>	<b>130,526</b>	<b>119,924</b>	<b>54,782</b>	-	<b>1,395,519</b>	<b>1,544,440</b>	<b>13,604,238</b>	<b>10,654,704</b>
<b>OPERATING EXPENSES</b>																
Employee benefit expenses	1,879,981	1,888,784	1,238,952	1,191,144	13,000	13,912	-	-	137,116	72,255	-	-	1,006,728	714,694	4,275,817	3,880,788
Chairman and Councilor payments	291,367	266,211	-	-	-	-	-	-	-	-	-	-	-	-	291,367	266,211
Material and Contracts expenses	1,950,012	755,008	3,585,494	1,148,013	45,750	40,784	1,000	380	32,215	24,231	46,564	-	16,000	3,384	5,677,034	1,971,801
Finance Costs	-	198,826	-	-	-	-	-	-	-	-	-	-	-	-	-	198,826
Other Expenses	2,065,981	1,820,982	744,850	1,017,746	108,659	99,057	133,000	401,515	81,705	92,546	8,218	-	247,341	311,724	3,389,794	3,743,589
Depreciation expense	-	166,784	1,606,590	644,432	-	-	-	-	-	-	-	-	-	-	1,606,590	811,216
Allocation Transfers	387,920	148,176	(100,450)	(72,226)	187,000	173,520	(987,950)	(883,680)	32,750	27,600	-	-	95,700	129,950	(395,030)	(476,650)
<b>Total</b>	<b>6,575,261</b>	<b>5,244,779</b>	<b>7,075,916</b>	<b>3,929,109</b>	<b>354,409</b>	<b>327,274</b>	<b>(853,950)</b>	<b>(481,785)</b>	<b>283,786</b>	<b>216,632</b>	<b>54,782</b>	-	<b>1,365,769</b>	<b>1,159,780</b>	<b>14,655,973</b>	<b>10,395,781</b>
<b>TOTALS</b>	<b>(442,082)</b>	<b>(2,566,046)</b>	<b>(1,745,683)</b>	<b>1,618,097</b>	<b>188,591</b>	<b>218,488</b>	<b>869,950</b>	<b>(500,394)</b>	<b>(153,260)</b>	<b>(96,708)</b>	-	-	<b>29,750</b>	<b>384,661</b>	<b>(1,251,735)</b>	<b>58,923</b>

## West Daly Regional Council

### Annual Report for the year ended 30 June 2021

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#### **b. Components of Functions (Unaudited)**

The activities relating to the Council functions reported in Appendix 1 (a) are as follows:

##### General public services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services.

##### Economic affairs

General economic and commercial affairs, construction and road maintenance.

##### Environmental protection

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

##### Housing and community amenities

Housing, housing and community development, water supply and street lighting.

##### Recreation, culture and religion

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

##### Education

Pre-primary education, subsidiary services to education and vocational training.

##### Social protection

Outlays on day care services, family day care, occasional care and outside school hours care, aged services, shelter protection, drug and alcohol treatment program.

## WEST DALY REGIONAL COUNCIL

### FINANCE COMMITTEE MEETING 27 OCTOBER 2021

#### Report for Agenda Item No 3

Prepared by **James Cartwright, Chief Financial Officer**

#### **Financial Report - September 2021**

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##### **Summary:**

To provide the Finance Committee of Council the Financial Management Reports for the period ended 30 September 2021.

##### **Background:**

The Local Government (General) Regulations 2021, Division 7, require that Council receive a report setting out:

- (a) the actual income and expenditure of the council for the period from the commencement of the financial year up to the end of the previous month; and
- (b) the most recently adopted annual budget; and
- (c) details of any material variances between the most recent actual income and expenditure of the council and the most recently adopted annual budget.

##### **Comment**

The financial report for the period shows that Council has met its financial obligations for the period. Net operating results for the period ended 30 September 2021 is \$1.0 million.

Council has received an overall lower than expected income for the period by about 23%. This is mainly attributable to timing of receipt of expected operational grants. Rates amounting to \$1.75m have been issued and is 7% higher than expected. Overall expenditure is under the original budget.

Overall expenditures remains underspent, however is expected to increase moving forward. The majority of underspent expenditure mainly relates to employee costs, amounting to \$191K, as staff retention continues to pose a challenge to the Council.

##### **Statutory Environment**

Clause 17 of the *Local Government (General) Regulations 2021*.

##### **Impact for Council**

Under Clause 17 of the *Local Government (General) Regulations 2021* Council must receive the Financial Report.

## Strategic Alignment

This report is aligned to the West Daly Regional Plan 2021-22:

### Focus 1 – Enhancing our Organisations Culture

#### *4. Destination: Strengthened Governance*

Journey 4.2	Establish a key focus on Policy and Governance
Journey 4.3	Governance training for Elected Members
Journey 4.4	Improved reporting and accountability processes
Journey 4.5	Ongoing development of Policy and Procedures to support Councils activities and staff

### Recommendation

- 1. That the Finance Committee receives and notes receives and notes the Financial Report for September 2021.**

### Attachments

- 1 Finance Report - September 2021



# FINANCIAL MANAGEMENT REPORT

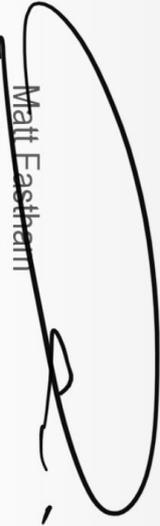
For the period ended 30 September 2021

## Certification by the Council CEO

Council Name: **WEST DALY REGIONAL COUNCIL**  
Reporting Period Ended: 30 September 2021



To the best of the CEO's knowledge, information and belief:  
(1) the internal controls implemented by the council are appropriate; and  
(2) the monthly reports best reflects the financial affairs of the council.

  
Matt Eastham  
CEO

Date: 20/10/21

## Snapshot - Financial Report

<b>Revenue</b> <b>\$ 4.0M</b> 	<b>Current Ratio</b> <b>1.91</b> 	<b>Cash at Bank</b> <b>\$ 8.0M</b> 
<b>Expenditures</b> <b>\$ 3.0M</b> 	<b>Unspent Tied Funds</b> <b>\$ 3.0M</b> <small>(including commitments of \$560K)</small> 	<b>Net Current Assets</b> <b>\$ 4.0M</b> 
<b>Operating Result</b> <b>\$ 1.0M</b> <small>(including tied grants -\$4m)</small> 	<b>Local Authority</b> <b>\$ 715K</b> 	<b>Capital Expenditures</b> <b>\$ 167K</b> 

## Income and Expense Statement - Actual v Budget

INCOME AND EXPENSE STATEMENT									
FOR THE PERIOD ENDING 30 SEPTEMBER 2021									
	YTD Actuals	YTD Budget	YTD Variance	YTD Variance	Approved	Progress	Note		
	\$	\$	\$	%	Annual Budget	\$	%	Reference	
<b>OPERATING INCOME</b>									
Rates	1,750,829	1,639,180	111,649	7%	1,639,180	107%			(1)
User Fees and Charges	325,599	304,766	20,833	7%	1,219,064	27%			
Operating Grants and Subsidies	1,988,352	2,112,932	(124,579)	-6%	6,951,726	29%			(2)
Interest/Investment Income	5,029	7,639	(2,610)	-34%	30,556	16%			
Other Income	13,198	-	13,198	100%	-	100%			
<b>TOTAL INCOME</b>	<b>4,083,008</b>	<b>4,064,517</b>	<b>18,491</b>	<b>0%</b>	<b>9,840,526</b>	<b>41%</b>			
<b>OPERATING EXPENSES</b>									
Employee Expenses	1,096,151	1,287,206	(191,055)	-15%	5,553,737	20%			(3)
Materials and Contracts	628,424	549,801	78,623	14%	2,199,203	29%			(4)
Elected Member Allowances	40,994	54,796	(13,802)	-25%	237,449	17%			(5)
Elected Member Expenses	16,774	24,725	(7,951)	-32%	103,511	16%			
Council Committee & LA Allowances	2,907	4,250	(1,343)	-32%	17,000	17%			
Council Committee & LA Expenses	29,636	116,750	(87,114)	-75%	467,000	6%			(6)
Depreciation, Amortisation and Impairment	190,025	200,099	(10,074)	-5%	800,397	24%			
Interest Expenses	2,348	63,898	(61,550)	-96%	255,591	1%			(7)
Other Expenses	993,410	710,662	282,748	40%	2,842,647	35%			(8)
<b>TOTAL EXPENSES</b>	<b>3,000,669</b>	<b>3,012,186</b>	<b>(11,518)</b>	<b>0%</b>	<b>12,476,536</b>	<b>24%</b>			
<b>OPERATING SURPLUS / DEFICIT</b>	<b>1,082,339</b>	<b>1,052,330</b>	<b>30,009</b>	<b>3%</b>	<b>(2,636,010)</b>				

WDRG Financial Management Report September 2021

## Income and Expense Statement - Variance Analysis

	Note Reference	Comments
Rates	(1)	Change in total rates amount was due to additional rateable properties identified after rates declaration was issued, where the budget was based.
Operating Grants and Subsidies	(2)	Timing difference in receipt of the following grants - IDJF, MES, HMS, Library, FAA General, LA, Bus Service and Roads to Recovery. This amount is slightly offset by community patrol grant that was in one payment rather than two. Operating grant received as also higher than budgeted.
Employee Expenses	(3)	Total employees for the period increased by 12% with 12 new hires and 4 terminations. Adjustments for the 1.5% annual increment, pay point advancements and locally allowance were also made during the period. Council is currently advertising several positions to fill vacancies, in particular civil labourers to boost our service delivery hours.
Materials and Contracts	(4)	Increase is mainly attributable to supply and installation of Homelands power upgrade project - 30% of total project cost incurred. Several generators have also been supplied to various outstations.
Elected Member Allowances	(5)	No special meeting held during the year to date.
Council Committee & LA Expenses	(6)	Variance due to the timing of LA projects, E.g. Ngamarranyanga solar light installation.
Interest Expenses	(7)	Interest expense in relation to Section 19 Lease not yet charged pending receipt of FY'21/22 lease invoice.
Other Expenses	(8)	60% of total other expenses relates to payment of insurance premiums. Overall repairs and maintenance completed by Council mechanic, carpenter and builder on Council assets also increased. These increase in overall spending is slightly offset by underspending in the Council's outsourced services and administration fees (not yet charged).

## Income and Expense Statement - By Location

INCOME AND EXPENSE STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2021	Ngarrairyanga			Peppimarti			Wedeye		
	YTD Actuals \$	YTD Budget \$	Variance \$	YTD Actuals \$	YTD Budget \$	YTD Variance \$	YTD Actuals \$	YTD Budget \$	YTD Variance \$
<b>OPERATING INCOME</b>									
Rates	150,441	164,439	(13,998)	159,489		159,489	1,440,899	-	1,440,899
User Fees and Charges	63,085	54,471	8,614	70,538	33,680	36,857	191,977	133,833	58,144
Operating Grants and Subsidies	385,692	109,550	276,142	500,533	48,825	451,708	1,094,549	3,175,900	(2,081,351)
Interest/ Investment Income	-	-	-	-	-	-	5,029	5,093	(64)
Other Income	1,485	-	1,485	1,214	-	1,214	10,059	-	10,059
<b>TOTAL INCOME</b>	<b>600,704</b>	<b>328,460</b>	<b>272,244</b>	<b>731,774</b>	<b>82,505</b>	<b>649,268</b>	<b>2,742,512</b>	<b>3,314,825</b>	<b>-572,313</b>
<b>OPERATING EXPENSES</b>									
Employee Expenses	176,101	187,272	(11,171)	151,155	142,053	9,103	535,294	388,040	147,254
Materials and Contracts	271,813	75,325	196,489	5,469	26,066	(20,598)	321,345	277,862	43,483
Elected Member Allowances	4,046	6,337	(2,292)	18,978	14,598	4,379	17,971	17,708	263
Elected Member Expenses	356	2,455	(2,099)	13,642	8,782	4,861	2,775	6,065	(3,290)
Council Committee & LA Allowances	1,629	1,250	379	705	833	(128)	573	1,167	(594)
Council Committee & LA Expenses	23,831	14,213	9,619	237	4,737	(4,500)	5,568	63,571	(58,003)
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	190,025	133,399	56,626
Interest Expenses	-	-	-	-	-	-	2,348	42,599	(40,251)
Other Expenses	81,421	111,278	(29,857)	41,952	50,871	(8,920)	858,023	335,846	522,176
<b>TOTAL EXPENSES</b>	<b>559,198</b>	<b>398,129</b>	<b>161,068</b>	<b>232,138</b>	<b>247,941</b>	<b>(15,803)</b>	<b>1,933,921</b>	<b>1,266,257</b>	<b>667,664</b>
<b>OPERATING SURPLUS / DEFICIT</b>	<b>41,506</b>	<b>(69,669)</b>	<b>111,175</b>	<b>499,636</b>	<b>(165,435)</b>	<b>665,071</b>	<b>808,591</b>	<b>2,048,569</b>	<b>(1,239,977)</b>
Capital Grants Income	-	-	-	-	-	-	-	-	-
<b>SURPLUS / DEFICIT</b>	<b>41,506</b>	<b>(69,669)</b>	<b>111,175</b>	<b>499,636</b>	<b>(165,435)</b>	<b>665,071</b>	<b>808,591</b>	<b>2,048,569</b>	<b>(1,239,977)</b>

WDRC Financial Management Report September 2021

## Monthly Balance Sheet Report

BALANCE SHEET AS AT 30 SEPTEMBER 2021	YTD Actuals \$	Note Reference
<b>ASSETS</b>		
Cash at Bank	3,006,224	(1)
Tied Funds	5,019,063	
United Funds	70,054	(2)
Accounts Receivable	387,964	(3)
Trade Debtors	302,865	
Rates & Charges Debtors	8,786,170	
Other Current Assets	3,915,625	
<b>TOTAL CURRENT ASSETS</b>	<b>2,973,956</b>	
Non-Current Financial Assets	6,889,581	
Property, Plant and Equipment	15,675,751	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,889,581</b>	
<b>TOTAL ASSETS</b>	<b>15,675,751</b>	

BALANCE SHEET AS AT 30 SEPTEMBER 2021	YTD Actuals \$	Note Reference
<b>LIABILITIES</b>		
Accounts Payable	96,348	(4)
ATO & Payroll Liabilities	12,760	(5)
Current Provisions	269,265	
Accruals	-	
Other Current Liabilities	1,329,757	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,708,130</b>	
Non-Current Provisions	35,583	
Other Non-Current Liabilities	4,207,163	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,242,746</b>	
<b>TOTAL LIABILITIES</b>	<b>5,950,876</b>	
<b>NET ASSETS</b>	<b>9,724,875</b>	
<b>EQUITY</b>		
Asset Revaluation Reserve	-	
Cash Reserves	9,724,875	
Accumulated Surplus	-	
<b>TOTAL EQUITY</b>	<b>9,724,875</b>	

## Monthly Balance Sheet Report Note 1. Details of Cash and Investments Held

	Sep-21	Aug-21
Cash at Bank Operational	76,390	679,862
Cash at Bank Trust	2,947,897	2,706,434
Cash Investment - Fixed Term	5,000,000	5,000,000
Cash on Hand Petty Cash	1,000	1,000
	<b>8,025,287</b>	<b>8,387,296</b>

	Amount
Tied Funds	3,006,224
United Funds	5,019,063
	<b>8,025,287</b>

### Details of Cash Investment - Fixed Term

Product	Actual Balance	Available Balance	Interest Rate	Maturity
Fixed Term Deposit	\$1,000,000.00	\$0.00	0.24%	28/03/2022
Fixed Term Deposit	\$1,000,000.00	\$0.00	0.35%	4/01/2022
Fixed Term Deposit	\$1,000,000.00	\$0.00	0.30%	7/01/2022
Fixed Term Deposit	\$1,000,000.00	\$0.00	0.28%	22/11/2021
Fixed Term Deposit	\$1,000,000.00	\$0.00	0.29%	20/10/2021

## Current Ratio

“How much dollars we have for every dollar we owe?”

Current Assets		Current Liabilities	
Cash in Bank	8,025,287	Accounts Payable	96,348
Less: Grants to be refunded	0	Other Current Liabilities	1,342,517
	<b>8,025,287</b>	Grants in advance	0
Trade and Rates Debtors	458,018	Commitments	403,806
Other Current Assets	302,865	Unspent Grants	2,602,418
Less:		(Agency & Core)	
Staff Liability	304,847		
	<b>8,481,323</b>		<b>4,445,090</b>

**1.91**

### Current Ratio for FY2021/22

Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
1.36	1.63	1.91									

## Monthly Balance Sheet Report Note 2. Statement on Debts Owed to Council (Accounts Receivable)

Trade Debtor's Account - Age Analysis	Sep-21	Aug-21
Current	73,189	3,817
Unapplied (yet to reconcile)	(96)	(3,426)
Over 30 days	1,214	2,895
Over 60 days	1,061	631
Over 90 days	1,757	6,977
<b>Total</b>	<b>77,125</b>	<b>10,893</b>

The Council has provided provision for doubtful accounts amounting to \$7,071 in relation to receivable balances as at 31 August 2021. This amount will be reviewed at the end of second quarter FY2021/22.

### Note 3. Rates

WDRC has raised \$1.75M in rates for FY2021/22, which includes \$1.12M in Rates and \$632K in Refuse/Garbage. As at 30 September 2021, 81.5% of total rates have been collected.

## Monthly Balance Sheet Report

### Note 4. Statement on Debts Owed by Council (Accounts Payable)

Creditor's Account - Age Analysis		
	Sep-21	Aug-21
Current	84,080	732,183
Unapplied (yet to reconcile)	(1,563)	(41,931)
Over 30 days	13,831	16,424
Over 60 days	-	41,229
Over 90 days	-	-
<b>Total</b>	<b>96,348</b>	<b>747,905</b>

### Note 5. Statement on Australian Tax Office (ATO) and Payroll Obligations

The net reported GST and PAYG Withholding Tax obligations of \$12,760 will be paid by the due date.

All FBT and superannuation obligations have been paid to-date.

All insurance premiums, including Work Health and Directors and Office Holders cover, have been paid to-date.

## Monthly Balance Sheet Report

### Highest 10 Contractor Payments/ Items paid in the month

	Supplier Name	Territory enterprise or industry supplier \$	Interstate / overseas enterprise or industry supplier \$
12588	JARDINE LLOYD THOMPSON		595,555
13337	INLAND ELECTRICAL	328,911	
12593	ALENCO NT	97,845	
12368	TELSTRA		53,698
10081	BRIDGE TOYOTA	48,726	
12689	FELTON INDUSTRIES		39,600
12569	QUICKSUPER	35,074	
12172	DJ AIR & ELECTRICAL	34,758	
11152	MURIN ASSOCIATION	32,835	
13150	ELDRIDGE SERVICES	27,703	
<b>TOTAL</b>		<b>605,853</b>	<b>688,853</b>

## Financial Report for Each Local Authority Area - Actuals v Budget

INCOME AND EXPENSE STATEMENT FOR THE PERIOD ENDING 30	Ngamarrinyanga			Peppimarrati			Wedeye			Total		
	YTD Actuals\$	YTD Budget\$	YTD Variances\$	YTD Actuals\$	YTD Budget\$	YTD Variances\$	YTD Actuals\$	YTD Budget\$	YTD Variances\$	YTD Actuals\$	YTD Budget\$	YTD Variances\$
<b>OPERATING INCOME</b>												
Operating Grants and Subsidies	-	14,175	(14,175)	-	6,450	(6,450)	-	95,800	(95,800)	-	116,425	(116,425)
<b>TOTAL INCOME</b>	-	14,175	(14,175)	-	6,450	(6,450)	-	95,800	(95,800)	-	116,425	(116,425)
<b>OPERATING EXPENSES</b>												
Council Committee & LA Allowances	1,629	1,250	379	705	1,250	(545)	573	1,750	(1,177)	2,907	4,250	(1,343)
Council Committee & LA Expenses	23,831	14,213	9,619	237	6,575	(6,338)	5,568	95,963	(90,395)	29,636	116,750	(87,114)
<b>TOTAL EXPENSES</b>	25,460	15,463	9,998	942	7,825	(6,883)	6,141	97,712	(91,572)	32,543	121,000	(88,457)
<b>OPERATING SURPLUS / DEFICIT</b>	(25,460)	(1,288)	(24,173)	(942)	(1,375)	433	(6,141)	(1,912)	(4,228)	(32,543)	(4,575)	(27,968)
Capital Grants Income												
<b>SURPLUS / DEFICIT</b>	(25,460)	(1,288)	(24,173)	(942)	(1,375)	433	(6,141)	(1,912)	(4,228)	(32,543)	(4,575)	(27,968)
Capital Expenses							6,160		6,160	6,160		6,160
Borrowing Repayments (Principal Only)												
Transfer to Reserves												
Less Non-Cash Income												
Add Back Non-Cash Expenses												
<b>NET SURPLUS / DEFICIT</b>	(25,460)	(1,288)	(24,173)	(942)	(1,375)	433	(12,301)	(1,912)	(10,388)	(38,703)	(4,575)	(34,128)
Prior Year Carry Forward Tied Funding	106,586		106,586	31,407		31,407	616,682		616,682	754,675		754,675
Other Inflow of Funds												
Transfers from Reserves												
<b>TOTAL ADDITIONAL INFLOWS</b>	106,586	-	106,586	31,407	-	31,407	616,682	-	616,682	754,675	-	754,675
<b>NET OPERATING POSITION</b>	81,126	(1,288)	82,413	30,465	(1,375)	31,840	604,381	(1,912)	606,294	715,972	(4,575)	720,547

## Local Authority - Commitments

Location	PO	Supplier	Description	Amount
300	9277	NT Shade and Canvas	Park equipment and shade structure	25,508
300	9387	Territory Solar Solutions	5x Green Frog solar street lights	34,580
300	9401	Hastings Deering	Caterpillar 428 Backhoe - Accessories only	4,277
300	9472	SBA Office National	Stationery	101
300	9517	Hastings Deering	Variation to PO9401	6,308
400	9548	Katherine AG	Street Sweeper	4,056
700	8884	DJ Air & Electrical Services	Lot 576 - Repairs to abutment block	120
700	9407	Thamarrur Development Corp	Manthaphe cemetery/fence	1,498
700	9607	Thamarrur Development Corp	Catering for LA meeting 13/10/21	320
<b>Total</b>				<b>\$ 76,768</b>



## WEST DALY REGIONAL COUNCIL

### FINANCE COMMITTEE MEETING 27 OCTOBER 2021

#### Report for Agenda Item No 4

Prepared by Emma Stevenson, Grants Coordinator

#### Letter of Offer 2021-22 Local Authority Project Funding

#### Purpose

To present to Council the funding offered as part of 2021-22 Local Authority Project Funding, for approval as a reporting requirement by the Department of Local Government, Housing and Community Development.

#### Background

Approving of funds offered ensures compliance to reporting requirements of the funding agency.

#### Statutory Environment

Nil

#### Impact for Council

For information purposes only

#### Strategic Alignment

This report is aligned to the West Daly Regional Plan 2021-22:

<b>Focus 1 – Enhancing our Organisations Culture</b>	
<b>1. Destination: Reviewed Vision and Values</b>	
<b>Journey 1.1</b>	Consultation with Council, Local Authority and all staff
<b>4. Destination: Strengthened Governance</b>	
<b>Journey 4.4</b>	Improved reporting and accountability processes

#### Recommendation

1. That Council approves the attached letter of offer.



**Attachments**

- 1 Letter of Offer to West Daly Rgeional Council - 2021-22 LAPF