



DISTRICT COUNCIL OF
KAROONDA EAST MURRAY

ANNUAL REPORT

2018 – 2019

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ABOUT THIS REPORT

The Annual Report continues to provide an opportunity to reflect upon the previous twelve months and the direction of local government. It outlines the organisation's activities and achievements during the past financial year.

In accordance with Section 131 of the Local Government Act the report contains statutory information including financial statements and the work undertaken by the District Council of Karoonda East Murray.



KEY HIGHLIGHTS

- Commenced the process of developing a 20 year community vision
- Completed 33kms of capital road renewal
- Created a new pit at the Karoonda Landfill Site
- Delivered \$1M of Drought Community Projects
 - Karoonda Early Childhood Centre & Community Hub
 - 'Day and Night' silo art
 - Other facility upgrades
- Obtained \$20K to develop Economic Development Strategy
- Secured \$336K external funding for community facilities
- Secured \$306K for Weed Spraying Program
- Extended North Terrace Stormwater
- Redevelopment of Karoonda Area School parking lane

COUNCIL ELECTIONS

Council elections were conducted in November 2018, with a new Council elected headed up by the Mallee's first female Mayor, Caroline Phillips.

Darren (Fred) Zadow, Yvonne Smith and Daryl Sparks were returned to Council. Kevin Burdett was voted onto Council after retiring from the Mayoral role at the November elections.

Simon Martin and Russell Norman joined the council ranks.

We thank Morris Terrell (retiring) and John Wooldridge (not elected) for their service and commitment to Council and Community over the years.

Your Elected Members (as at 30 June 2019)



Caroline Phillips

Mayor

Resides in Wynarka.

First elected to Council in 2010.

Deputy Mayor (2014 - 2018)

Mayor (2018 - current)

Email: Mayor@dckem.sa.gov.au



Yvonne Smith JP

Deputy Mayor / Councillor

Resides in Bowhill.

First elected to Council in 2010.

Email: CrSmith@dckem.sa.gov.au



Darren Zadow

Councillor

Resides in Galga.

First elected to Council in 2014.

Email: CrZadow@dckem.sa.gov.au



Kevin Burdett OAM

Councillor

Resides in Karoonda.

First elected to Council in 1998. Mayor (2001 to 2018)

Email: CrBurdett@dckem.sa.gov.au



Simon Martin

Councillor

Resides in Wynarka.

First elected to Council in 2018.

Email: CrMartin@dckem.sa.gov.au



Daryl Sparks

Councillor

Resides in Karoonda.

First elected to Council in 2014.

Email: CrSparks@dckem.sa.gov.au



Russell Norman

Councillor

Resides in Karoonda.

First elected to Council in 2018.

Email: CrNorman@dckem.sa.gov.au

Outgoing Elected members (November 2018)



John Wooldridge



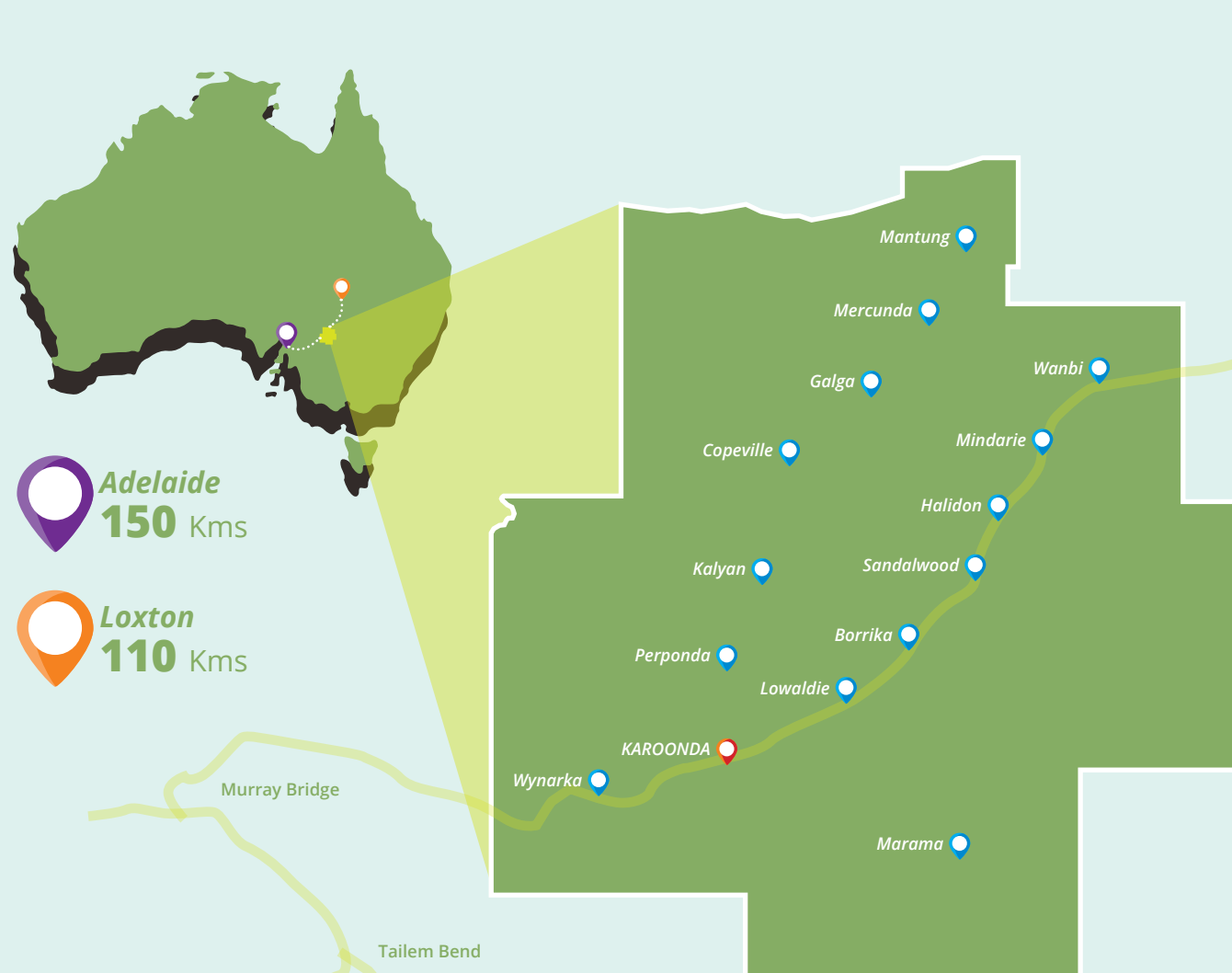
Morris Terrell

Council

The Council, consisting of the mayor and six councillors, is the decision making body on all policy matters. Ordinary meetings of the Council are held on the second Tuesday of every month at 7.30pm.

Agendas and Minutes

Agendas of all Council and standing committees are placed on public display no less than three days prior to those meetings. Minutes are placed on display in accordance with the Local Government Act.



Located only 150km from Adelaide and 110km from Loxton, Karoonda is referred to as **"the Heart of the Mallee"**

Origins of Our Community

The first occupiers of the area were the Ngarkat tribe, whose lands roughly extended north beyond Copeville, south towards Coonalpyn, east to near the border and west to a few miles from the river. There were no Ngarkat surviving tribally by the mid 1800's when the pastoralists moved in, mainly due to disease and wars with neighbouring tribes.

The land was taken up for grazing sheep on huge pastoral leases from 1859, when Chucka Bend (Bowhill) Station included where Karoonda stands today. However, these leases were not successful and were abandoned by 1900.

The district was established in 1911 and its economic base is predominantly dry land agriculture, largely based on traditional broad acre grain and wool.

Land Area
4,415
square kms

Population
1,090

Annual
Rain Fall



294mm

COUNCIL PROFILE

The District Council of Karoonda East Murray is a local government authority established under the Local Government Act 1999 whose role is to govern and manage a designated local government district.

A Mayor and six elected members represent the population.

In 1979 the District Councils of Karoonda (est. 1922) and East Murray (est 1923) amalgamated to form the District Council of Karoonda East Murray.

New offices and chambers were built at 11 Railway Terrace, Karoonda in 1980, from where Council operates today. Office extensions were completed in March 2007.

In April 2019, NRM via lease agreement now co-locates in the Council office.

The district was unique in that the railways were established before close settlement began. Karoonda became a very important rail town, a hub serving sidings and towns in four directions at approximately 8km intervals. There were coaling and watering facilities and workshops and a barn for railcars stationed here.

With the introduction of the railways, settlers began taking up selections, clearing the dense scrub with horse drawn rollers. By 1930 about half the arable land was cleared.

Today's farming practices have seen significant change from the traditional practices of generations past. More sustainable practices have resulted in increased land productivity whilst protecting and enhancing our fragile natural environment.

Karoonda is the major town in the area with a population of 350. The town offers a range of services including access to aged care services, a school, pre-school, café, hospital, ambulance, CFS, grocery store, newsagency, hotel, chemist and banking via agency and eftpos. Along with a range of businesses servicing the local and rural sector.

Photo: Colour Up Karoonda Event



Vision, Mission & Core Values

Vision

The District Council of Karoonda East Murray is recognised for its strong leadership, progressive community, quality lifestyle, expanding economic opportunities and enhanced natural environment.

Mission

Provide relevant and value-added services and infrastructure that support our entire Council area through effective utilisation of available resources.

Core Values

The following values are the cornerstone of our culture and guide us in achieving our mission:

- Contribution to entire Council area
- Innovation
- Teamwork
- Customer Service
- Positive and Consultative Management
- High staff satisfaction

Services to the Community

Council makes decisions on policy issues relating to services that are provided for members of the public. The range of services includes:

- | | | |
|------------------------------------|------------------------------------|------------------------|
| • Roads | • Footpaths | • Kerbing |
| • Stormwater Drainage | • Traffic Control Devices | • Street Lighting |
| • Street Sweeping | • Tree Planting | • Car Parks |
| • Public Cemeteries | • Toilets | • Libraries |
| • Seating | • Garbage Collection & Litter Bins | • Playground Equipment |
| • Community Halls | • Immunisation Programs | • Clean Air Controls |
| • Environmental Health Matters | • Planning Controls | • Parking Controls |
| • Dog Control | • Housing for the Aged | • Community Transport |
| • Recreational/Sporting Facilities | • Tourism | • Childcare |

Photo: Colour Up Karoonda Event



Organisation & Management



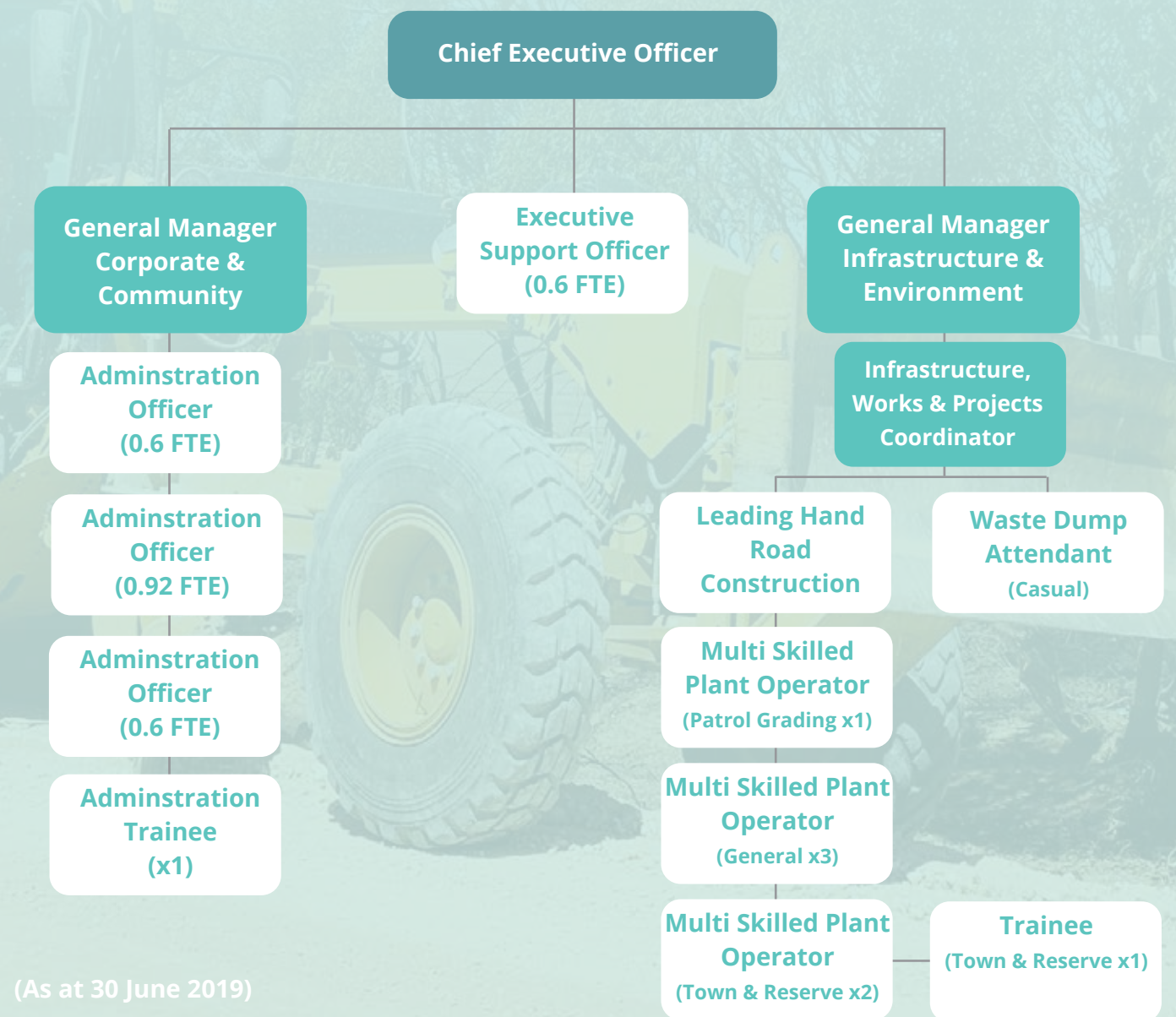
Matthew Morgan
Chief Executive Officer



Katrina Fromm
General Manager Corporate &
Community



Jarrod Manuel
General Manager Infrastructure
& Environment



Drought Community Projects

In late October 2018, Council was advised that it had been included in the Federal Government's Drought Communities Programme – Extension (DCP), which provided \$1M for community projects that would stimulate the local economy.

After consultation with the community, Council decided to submit the following projects for funding consideration under the DCP:

- Karoonda Early Childhood Centre and Community Hub (\$550K)
- Karoonda Township Activation Project (\$388K)
- Various Community Projects (\$62K)

Funds from the DCP were also used to engage a local projects officer, Tegan Buckley who worked with council on these projects from February to June 2019.

KAROONDA EARLY CHILDHOOD & COMMUNITY HUB

This project involved the design and construction of a new facility, the Karoonda Early Childhood Centre and Community Hub (KECCCH) in partnership with Ausco Modular. A public call for builders was made in December 2018, and they were given the challenge of designing and constructing the facility prior to 30 June for less than \$500K.

Detailed design work commenced in January 2019 with the project being completed and building occupancy being granted in late June 2019. The total project budget under the DCP was \$550K and this included all design work, construction work, site works, equipment and fit-out, fencing, retaining walls and shade structures. Council allocated an additional \$35K to seal the driveway and carpark into the new facility.

Ausco Modular was aided by local trades Rolzy Electrical, Neumann Constructions, Eichler's Earthmoving and whitegoods and electrical equipment was sourced from the Karoonda Newsagency.



KAROONDA TOWNSHIP ACTIVATION

Several projects were combined under the umbrella of the Karoonda Township Activation Project which was completed between February and June 2019. These included:

- Karoonda 'day and night' silo art project
- Colour Up Karoonda
- Silo path and landscaping
- Colour tree spotlights and path lighting in Railway Terrace
- Totem Wifi – public wifi and visitor information system
- Solar charging bench

Council sought feedback from the community on ideas for the theme of the silo art, and many of these ideas were brought to life by talented street artist Heesco who created the day mural and professional projectionists Illuminart who created the night projection components.

Local trades including Neumann Constructions, Rolzy Electrical and BR Kelly Electrical were involved in many aspects of the projects including installation of equipment and infrastructure throughout Railway Terrace.



VARIOUS COMMUNITY PROJECTS

Through the DCP Council funded the following upgrades to community facilities:

- Karoonda Football Club cool room and solar panels.
- Karoonda Bowls Club air-conditioning and solar panels.
- Mantung Hall water tanks, pump and solar panels.



Council Events

Throughout the year, Council conducted a number of community focused events including Volunteer Movie Night, Colour Blast Fun Run and Colour Up Karoonda.

VOLUNTEER WEEK COMMUNITY MOVIE NIGHT

On Friday 24 May Council held a free community screening of Small Foot at the Karoonda Oval. Over 200 community members attended and enjoyed a free meal, popcorn and movie as well as a very special introduction from local Adelaide Crows football legend Tyson Edwards.



COLOUR BLAST FUN RUN

In conjunction with the Karoonda Area School and with support from FRRR and FocusOneHealth, Council held it's first community Colour Blast Fun Run on Friday 14 June which saw over 250 members of the community come together for some physical activity, a free bbq and lots of colour! Special guests Tony Modra and Kym Koster entertained the crowd with a family football clinic.

COLOUR UP KAROONDA

On Sunday 16 June the main street of Karoonda was transformed into Colour Up Karoonda, a celebration of light, sound and colour. Market stalls filled Railway Terrace, family amusements and food vendors occupied the surrounding spaces and the crowd was entertained by Lauren and Hayley from Adelady and up and coming country musicians. The event also saw the launch of Karoonda's 'day and night' silo art project with a very special light show and projection on the Karoonda Silos.



Performance Against Annual Business Plan

Annual Business Plan Actions

Council completed many of the actions from its ABP in 2018 – 2019 which support the Strategic Management Plan noting however that some actions were deferred until a full review of asset registers and condition assessments can be made, which will occur in the 2019 – 2020 year. Council also diverted resources to support the additional \$1M of projects that were carried out under the Drought Communities Programme and which were required to be completed by 30 June 2019.

GOAL AREA 1 - ECONOMIC DEVELOPMENT		
	ACTION	STATUS
G1-A1	Support the provision of child care services in Karoonda.	Complete
G1-A2	Seek assistance to create an Economic Development Strategy.	Complete
G1-A3	Create masterplan for the Karoonda Tourist (caravan) Park.	Deferred
G1-A4	Encourage and support community events.	Complete
GOAL AREA 2 - ASSET & INFRASTRUCTURE		
	ACTION	STATUS
G2-A1	Develop building management plans.	Deferred
G2-A2	Develop reserve management plans.	Deferred
G2-A3	Develop a 10 year works program.	Deferred
G2-A4	Review Long Term Asset & Infrastructure Management Plan.	Deferred
GOAL AREA 3 - GOOD GOVERNANCE		
	ACTION	STATUS
G3-A1	Develop a 20 year Community Vision.	Complete
G3-A2	Promote Council Elections.	Complete
G3-A3	Council Induction and Training.	Complete
G3-A4	Review Council Committees and Regional Representatives.	Complete
GOAL AREA 4 - COMMUNITY HEALTH & WELLBEING		
	ACTION	STATUS
G4-A1	Enhance public streetscapes and walking paths.	Complete
G4-A2	Encourage and reward community volunteers.	Complete
G4-A3	Improved facilities for youth engagement & public wifi.	Complete
G4-A4	Review Community Land and Land Management Plans.	Complete
GOAL AREA 5 - NATURAL ENVIRONMENT & HERITAGE		
	ACTION	STATUS
G5-A1	Review waste and recycling program and facilities.	Ongoing
G5-A2	Better placement and surrounds for public bins.	Deferred
G5-A3	Develop a borrow pit rehabilitation program.	Complete

Financial Statements 2018 - 2019

(Refer to Appendix 1 for full financials)

UNIFORM PRESENTATION OF FINANCES

	2019 \$,000	2018 \$,000
Operating Revenue	4,182	3,062
Operating Expense	(3,810)	(3,985)
Operating Surplus / (Deficit) before Capital Amounts	372	(923)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(2,168)	1,309
less Depreciation, Amortisation & Impairment	1,690	1,904
Proceeds from Sale of Replaced Assets	34	22
	(444)	617
Net Outlays on New & Upgraded Assets		
Capital Expenditure on New & Upgraded Assets	(550)	(74)
Amounts specifically for new or upgraded Assets	550	0
Proceeds from Sale of Surplus Assets	0	(8)
	0	(66)
Net Lending/ (Borrowing) for Financial year	(72)	(372)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 \$,000	2018 \$,000
INCOME			
Rates - General & Other	2	1,544	1,460
Statutory Charges	2	14	28
User Charges	2	80	108
Grants & Subsidies	2	2,336	1,418
Investment Income	2	36	25
Reimbursements	2	44	2
Other Revenues	2	128	75
Total Operating Income		4,182	3,062
EXPENDITURE			
Employee Costs	3	920	927
Materials, Contracts & Other Expenses		1,200	1,154
Depreciation	3	1,690	1,904
Finance Charges	3	0	0
Total Operating Expenditure		3,810	3,985
OPERATING SURPLUS/(DEFICIT)		(372)	(923)
Gain / Loss on Disposal of Assets	4	(105)	(1)
Amounts Recieved Specifically for New Assets	2	550	0
NET SURPLUS / (DEFICIT) transferred to Equity Statement		817	(924)



Financial Statements 2018 - 2019 - continued

(Refer to Appendix 1 for full financials)

BALANCE SHEET

	Notes	2019 \$,000	2018 \$,000
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	5	2,274	211
Trade & Other Receivables	5	557	273
Inventories	5	15	30
Total Current Assets		2,846	2414
NON-CURRENT ASSETS			
Infrastructure, Property, Plant & Equipment	7	48,991	38,183
Other	6	388	480
Total Non-Current Assets		49,379	38,663
TOTAL ASSETS		52,225	41,077
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables	8	1,914	1,397
Provisions	8	113	123
Total Current Liabilities		2,027	1520
NON-CURRENT LIABILITIES			
Provisions	8	20	23
Total Non-Current Liabilities		20	23
TOTAL LIABILITIES		2,047	1543
NET ASSETS		50,178	39,534
EQUITY			
Accumulated Surplus		15,518	14,701
Asset Revaluation Reserve	9	34,660	24,883
TOTAL EQUITY		50,178	39,534

STATEMENT OF CASH FLOWS

	2019 \$,000	2018 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	4,016	4,143
Investment Receipts	36	25
Payments		
Operating Payments to Suppliers & Employees	2,179	3,370
Finance Payments	0	0
Net Cash provided by (or used in) Operating Activities	1,874	798
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants Specifically for new or upgraded assets	913	0
Sale of replaced Assets	15	155*
Payments		
Expenditure on renewal/replaced assets	1,661	1,383
Expenditure on new/upgraded assets	1,433	103
Net cash provided by (used in) Investing Activities	(2,166)	(1,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of Borrowings	0	0
Repayment of Finance lease Liabilities	0	0
Net Cash Provided by (Used in) Financing Activities	0	0
Net Increase / Decrease in Cash	(292)	(484)
Cash and Cash Equivalents at start of reporting period	2,111	1,819
Cash & Cash Equivalents at the end of the reporting period	1,819	1,336

Financial Statements 2018 - 2019 - continued

(Refer to Appendix 1 for full financials)

STATEMENT OF EQUITY

	2019 \$,000	2018 \$,000
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	14,701	15,625
Net Surplus / (Deficit) for Year	817	(924)
Balance at end of period	15,518	14,701
ASSET REVALUATION RESERVE		
Balance at end of previous reporting period	24,833	24,833
Gain on Revaluation of Property Plant & Equipment	9,827	0
Balance at end of period	34,660	24,833
OTHER RESERVES		
Balance at end of previous reporting period	0	0
Transfers from Accumulated Surplus	0	0
Transfers to Accumulated Surplus	0	0
Balance at end of period	0	0
TOTAL EQUITY AT END OF REPORTING PERIOD	50,178	39,534

KAROONDA AREA SCHOOL ROBOTICS SPONSORSHIP

Council was very proud to sponsor the Karoonda Meteors Roboroos Robot Team for \$1,000 for the creation of a second team in the First Tech Challenge Competition and the First Lego Challenge.

Approximately 15 eager students spend their lunch times learning valuable tech skills including program logic, JavaScript and how to apply their amazing problem solving skills and teamwork.

This group of students have been putting Karoonda on the robots map coming home with numerous awards.



Photo: Anderson Road Rubble Pit

Further Information about your Council

COUNCIL MEETINGS

Council meets on the 2nd Tuesday of each month. Meetings are held at the Council Chambers, 11 Railway Terrace, Karoonda and all meetings are open to the public. Members of the public have a number of opportunities to put forward their views on particular issues before Council. These are:

1. Deputations With the permission of the Committee Chairman or the Mayor, a member of the public can address a Committee or the Council personally or on behalf of a group of residents.
2. Presentations to Council With prior notification and arrangement with the Mayor, a member of the public can address the Council for five minutes on any issue relevant to Council.
3. Petitions Written petitions can be addressed to the Council on any issue within the Council's jurisdiction.
4. Written Requests A member of the public can write to the Council on any Council Policy, activity or service.
5. Elected Members – Members of the public can contact their Elected Members of Council to discuss any issue relevant to Council.

MINUTES OF COUNCIL AND COMMITTEE MEETINGS AND RELEASE OF DOCUMENTS

In accordance with Section 91(7) of the Local Government Act nil orders were made under that subsection in the financial year.

PUBLIC CONSULTATION POLICY

The purpose of this policy is to outline the

principles and procedures that the Council will follow to involve the community in planning and decision making in the local area, and to ensure accountability of the Council to the community through affective communication and consultation strategies.

COMMUNITY CONSULTATION

The District Council of Karoonda East Murray consults with local residents on particular issues that affect their neighbourhood.

1. Meetings of Electors All residents and electors are eligible to attend meetings to decide matters where Council seeks the direction of the electors of the area.
2. Residents are notified of some Development Applications requiring the approval of Council. A number of applications are exempted from public notification by the Planning Act.

CONFIDENTIALITY PROVISIONS

Confidentiality provisions were used pursuant to Section 90 of the Local Government Act, 1999 on eight occasions.

COMMITTEES

Council has the following constituted Committees in place:

- Audit Committee
- Australia Day Advisory Committee
- Karoonda & District Historical Society
- Wynarka & District Recreation Committee
- CEO Performance Review Committee

DELEGATIONS

The Chief Executive Officer and other officers

have the delegated authority from Council to make decisions on a number of specified administrative and policy matters. These delegations are listed in the Policy Manual and are reviewed annually by Council.

In keeping with the legislative requirement:

- to determine policies to be applied by the Council in exercising its discretionary powers;
- to determine the type, range and scope of projects to be undertaken by council, and
- to develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of the Council.

The Council makes decisions, which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the resources, which are to be made available to undertake such works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications from residents for various forms of development.

BUDGET & FINANCIAL REPORTS

The Council Auditor for the 2018/2019 financial year is PKF Adelaide.

Total remuneration that will be payable to the above Auditor for the annual audit of the financial statements including financial controls is \$4,000 ex gst. There was no other remuneration payable or paid.

ALLOWANCES PAID TO ELECTED MEMBERS

Elected Member allowances are set by the

Remuneration Tribunal and take effect from the first ordinary meeting of Council held after the conclusion of the periodic elections. (Section 76 and Regulation 4, Local Government (Allowances and Benefits) Regulations 2010).

Allowances as at 30 June 2019 were:

Mayor

\$26,000 per annum

Deputy Mayor

\$8,125 per annum

Elected Members

\$6,500 per annum

Allowances are paid to members quarterly in arrears.

MANAGEMENT & STAFFING

The total number of employees employed by the District Council of Karoonda East Murray as at 30/06/2019 is 18, consisting of 9 full time and casual employees in the area of works of Council and 9 full time, part time and casual employees in administration.

HUMAN RESOURCE MANAGEMENT

Council has in place a Work Health Safety Committee which meets regularly and deals with matters relating to work health and safety, equal employment opportunity, employee development and training. These matters are discussed at these meetings with the regular review and adoption of relevant policies and procedures.

Further Information about your Council

TRAINING & DEVELOPMENT FOR MEMBERS OF COUNCIL

During 2018/2019 the following courses/activities were provided to members of Council:

- LGA Conferences
- Mandatory Training Modules 1 to 4

INTERNAL REVIEW OF COUNCIL ACTIONS

In accordance with Section 270(8) of the Local Government Act relating to the review of decisions of either Council, employees of Council or other persons acting on behalf of Council there were no applications for review under this section of the Act.

MANAGEMENT & HUMAN RESOURCES MANAGEMENT SENIOR EXECUTIVE OFFICER – ALLOWANCES AS PART OF SALARY PACKAGE

Chief Executive Officer

Vehicle provided for private use.
Telephone provided.
Subsidised house rent.

General Manager Corporate & Community

Telephone allowance.
Subsidised house rent.

General Manager Infrastructure & Environment

Vehicle provided for private use.
Telephone allowance.

COMPETITIVE TENDERING

Council continues to operate in accordance with its Competitive Tendering, Purchasing, Sale & Disposal of Land and Other Assets Policy. In accordance with that policy Council is committed to ensuring a fair, transparent

and accountable process, in the provision of services, purchasing of goods and services and in the disposal of land and other assets.

RATE REBATES

In accordance with Section 23 (4) of the Local Government (Implementation) Act 1999 Council has no privately-run retirement villages and therefore did not receive any applications for rebates of rates under Section 166(1)(h) of the 1999 Act.

APPLICATION OF COMPETITION POLICIES

The principles of Competition Neutrality continue to apply in accordance with Clause 7 Statement. Such a Policy does not apply to non-business non-profit government activities. Significant business activities continue to be considered by Council with no activities affected by the Policy. This includes both Category One business activities having annual revenue in excess of \$2 million.

There were no Category Two business activities which generate income or consumer resources which are significant to Council. It has been identified that there are no activities of Council where costs are predominantly met directly from the user rather than from rates or other revenue sources and there is no activity undertaken with a view to earning a return rather than meeting a community need that would otherwise not be met.

Council reviewed their by-laws and formally gazetted them on 18th December, 2008.

No complaints were received alleging a breach of competitive neutrality principles. Nor was there any structural reform of public monopolies.

LIST OF DOCUMENTS

Mandatory Registers

- Members Register of Interests
- Members Register of Allowances and Benefits
- Officers Register of Salaries
- Officers Register of Interests
- Fees and Charges
- Community Land
- Public Roads
- By-laws

Codes

- Members Code of Conduct
- Code of Practice for Access to Meetings and Documents
- Employees Code of Conduct

Statutory Policies

- Contracts and Tenders Policies
- Public Consultation Policies
- Internal Control Policies
- Policy on Order Making

Local Government (Elections) Act

- Campaign Donation Returns prepared by candidates
- Freedom of Information Act
- Information Statement

Local Government Act

- Internal Review Procedure

FREEDOM OF INFORMATION STATEMENT

This Information Statement is published by the District Council of Karoonda East Murray in accordance with the requirements of the Freedom of Information Act. The District Council of Karoonda East Murray is pleased to comply with the legislation and welcomes enquiries.

An updated Information Statement will be published at least every 12 months

MEETINGS OF COUNCIL

Council meets on every second Tuesday of each month commencing at 7.30pm. Council changed the meeting times in late June to encourage residents who were interested in becoming Elected Members to attend meetings, the change in time allowed people who were employed to attend.

The District Council of Karoonda East Murray has always been committed to the principle of open and accountable government. Under Sections 90 and 91(7) of the Local Government Act 1999, Council may consider matters in confidence.

PAYMENT OF COUNCIL RATES

Pursuant to Section 123 of the Local Government Act the District Council of Karoonda East Murray continues to produce an annual business plan and a budget. The annual business plan also included a summary version which was included with the first Quarter Rate Notices sent to ratepayers.

COUNCIL'S REPRESENTATION QUOTA

In accordance with Schedule 4 Clause 3 of the Local Government Act 1999 Council is required to publish Council's own representation quota with that of similar Councils. The definition of a representation quota for this purpose has been changed to incorporate all Council Members including Mayors. This comparison is for Councils classified as Rural Agricultural Small. The Elector Representation Review commenced in February 2017 and Council considered a Draft Electoral Review Paper with options and also resolved to utilise

Further Information about your Council

the review to ascertain the support for a possible name change of the Council. Given the required public consultation the review process concluded September 2017.

The outcome of the Elector Representation Review was:

- The principal member of Council

be a Mayor who is elected by the community; and

- that the elected body of Council comprise the Mayor and six (6) area councils.

The following table provides a comparison of representation quota with other similar sized Council's as at 28 February 2019.

Council elected structure & representation table	Electors	Total Memembers (inc. Mayor	Representation Quota
Cleve	1232	7	176
Elliston	715	8	89
Flinders rangers	1169	9	129
Franklin	893	6	148
Karoonda East Murray	741	7	105
Kimba	799	7	114
Orroroo Carrieton	674	6	112
Robe	1203	7	171
Streaky Bay	1558	8	194
Wudina	837	7	119

Source - Provided by ECSA February 2019

COUNCIL CONTRIBUTION TO THE COMMUNITY

There continues to be a strong response to Council's Community Grants Scheme with six applications received which were considered by Council at the September and March 2019 Council meeting.

Ongoing donations were made to both the East Murray Area and Karoonda Area Schools for Presentation Nights, SAPSASA. Financial contributions were also made to support the Karoonda & District Bowling Club Sponsorship.

Organisation	Project	Amounts
Karoonda Netball Club	Shed upgrade	\$1,000
Karoonda Farm Fair	Children's entertainment	\$5,000
Karoonda Historical Society	4 P's Pioneer Park Preservative Painting	\$4,000
Karoonda Golf Club	Greening the course	\$4,630

WORK HEALTH & SAFETY

Meetings of the Work Health & Safety Committee continued with regular reviews and update of the Work Health & Safety Program and associated policies and procedures.

Council has continued to maintain a good health and safety record and this is reflected in Council's premium payments. WH&S continues to be quite onerous and resource intensive with all Councils regardless of size having to meet requirements. Valuable assistance was provided by the Regional Risk Co-ordinator. Risk Management assessment continued along with identification of hazards and means of dealing with those hazards continue to be a part of Council's overall focus.

INFORMATION TECHNOLOGY

Information technology plays an integral role in the operations of Council and like many other organisation when not operating properly severely impacts on the administration of Council. Electronic copies of agendas and minutes continue to be provided to all members.

The Council Website has been updated. Council continues to operate a Facebook Page and data reveals an ongoing increase in likes since its inception in October 2013 and the My Local Services App is also utilised by Council. All ICT servers and computers were replaced in July 2018.

FINANCIAL ASSISTANCE GRANTS

Financial Assistance Grants (FAGs) are a vital part of the revenue base of all Councils.

BUILDING, PLANNING & ENVIRONMENTAL HEALTH SERVICES

In the area of planning Development Answers from Murray Bridge were engaged. It was fortunate that this has also included site visits. With building services, Harmer CLG from Adelaide have been utilised. Mid Murray Council were also utilised in the provision of environmental health services.

FINANCIAL MANAGEMENT

Council continues to meet the requirements of the Local Government (Financial Management and Rating) Amendment Bill 2005.

COMMUNITY LAND

Council has met the requirements of the Local Government Act under Division 3 of the Local Government Act.

NATIONAL COMPETITION POLICY

Council had no significant business undertakings as defined under the Clause 7 Statement of the Competition Principles Agreement.

FREEDOM OF INFORMATION

There was one request received for the period 1 July 2018 to 30 June 2019 under the Freedom of Information Act.

PUBLIC ACCESS TO COUNCIL AND COMMITTEE MEETINGS

In accordance with Section 90(2) of the Local Government Act concerning meetings to be held in public except in special circumstances and eight orders were made under that subsection in the financial year.

Further Information about your Council

COMMUNITY SERVICES

Council continues to support the community in different ways. Some example of these include youth opportunities, community libraries, community groups and having a presence at the Karoonda Farm Fair. Council also offers assistance to community groups by way of grant funding opportunities.

AUSTRALIA DAY

On 26 January 2019 there was the traditional Australia Day Breakfast hosted by the East Murray Sporting Club. They did a great job in hosting the event and it was pleasing to see that it was again well patronised. Council was fortunate in having Australia Day Ambassador, Professor Peter Langridge to provide an address and present the certificates.

The award winners for this year were:-

Citizen of the Year Award:

Mary Manuel

Event of the Year Award:

Karoonda Light the Night Event

RATE REVENUE

Rate revenue raised for this financial year was \$1,544K with minimal movement in the overall capital valuations. The CWMS rate was raised from \$395 to \$445 for an occupied allotment and from \$375 per vacant allotment to \$420. The minimum rate was increased from \$250 to \$300.

AUDIT COMMITTEE

The purpose of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, corporate and financial governance and legal compliance, related to financial reporting and audit initiatives, the internal control system and the audit functions. The committee acts as a source of advice to Council and the Chief Executive Officer in relation to these matters.

The Committee:

- enhances the communication between the external auditor and the Council;
- assists with the management of business risks to ensure protection of



Further Information about your Council

- Council assets;
- monitors the effectiveness of audit and corporate and financial governance functions;
 - enhances the integrity of the financial report of the Council; and
 - reviews the effectiveness of the Council's internal controls and risk management systems.

The information below is a summary of the District Council of Karoonda East Murray Audit Committee's activities undertaken

and recommendations made during the 2018/2019 financial year.

Membership

Council has appointed Members to its Audit Committee, in table below.

The following staff members have attended meetings as observers:

- Chief Executive Officer
- General Manager Corporate & Community

Name	Position
Ms Tanya Wlochowicz	Independent Member (until March 2019)
Cr Yvonne Smith	Presiding Member (until February 2019) Council Member (February 2019 - Present)
Cr Morris Terrell	Council Member (until December 2018)
Cr Daryl Sparks	Council Member (from December 2018)
Mayor Kevin Burdett	Ex-officio Member (until December 2018)
Mayor Caroline Phillips	Ex-officio Member (from December 2018)
Mr Tim Muhlhausler	Independent Chair (from February 2019)

Meetings

The Audit Committee met four times during the year.

Meeting Date	Attendance
4 July 2018	Mayor Burdett Apology
27 November 2018	Tanya Wlochawicz Apology
11 February 2018	All in attendance
14 June 2019	Cr Yvonne Smith Apology

Further Information about your Council

AUDIT COMMITTEE ACITIVITIES

The following table sets out the main activities addressed by the audit committee during 2018/19.

Activities	Outcome
Financial Reporting	Budget Review 1 Budget Review 2 Budget Review 3 Financial Policy Reviews 2017/18 Annual Financial Statements 2018/19 Annual Business Plan & Budget
Internal Controls and Risk Management Systems	Internal controls and risk management systems
External Audit	2017/18 Audited Annual Financial Statements Meeting with External Auditor (telephone hook-up)
Audit Comittee Performance	Audit Committee Work Program

INFRASTRUCTURE & ASSETS

The works program is Council's major area of expenditure. A significant amount of construction work was carried out in 2018/19, including the road re-sheeting projects (approximately 33kms):

- Moorlands Road
- Anderson Road
- Dowling Road

Other capital expenditure included:

- North Terrace Stormwater upgrade
- Safety Modifications for Karoonda area School frontage
- Railway Terrace Landscaping

10 Year Plant Replacement Schedule

Council's 10 Year Plant replacement Schedule continues to be reviewed on a regular basis. Items urchased in 2018/19 included a CEO vehicle, utility, with new plant purchased which included two dog trailers and a plant trailer.

Waste Management

Weekly collection general waste and monthly collection of recyclables are collected in conjunction with Southern Mallee Council, which contributed in the reduction of material to landfill. A new waste cell was constructed at the waste depot.



Photo: Karoonda Silo Art Project, Artist: Heesco

KAROONDA EAST MURRAY ANNUAL REPORT 2018 - 2019

APPENDICES

2019/19 Audited Financials

2018/19 Murraylands & Riverlands Local Government
Association Annual Report



District Council of Karoonda East Murray

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**Many of the images used throughout this
document were kindly submitted by
members of our community.**

District Council of Karoonda East Murray

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2019

The Karoonda East Murray district is recognised for its strong leadership, progressive community, quality lifestyle, expanding economic opportunities and enhanced natural environment.



District Council of Karoonda East Murray
General Purpose Financial Reports
for the year ended 30 June 2019

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District Council of Karoonda East Murray
Annual Financial Statements
for the year ended 30 June 2019

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.


.....
Matthew Morgan
CHIEF EXECUTIVE OFFICER


.....
Caroline Phillips
MAYOR

Date: 5/11/2019

District Council of Karoonda East Murray
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
INCOME			
Rates	2	1,544	1,406
Statutory charges	2	14	28
User charges	2	80	108
Grants, subsidies and contributions	2	2,336	1,418
Investment income	2	36	25
Reimbursements	2	44	2
Other income	2	128	75
Total Income		4,182	3,062
EXPENSES			
Employee costs	3	920	927
Materials, contracts & other expenses	3	1,200	1,154
Depreciation, amortisation & impairment	3	1,690	1,904
Total Expenses		3,810	3,985
OPERATING SURPLUS / (DEFICIT)		372	(923)
Asset disposal & fair value adjustments	4	(105)	(1)
Amounts received specifically for new or upgraded assets	2	550	-
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		817	(924)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	9,827	-
Total Other Comprehensive Income		9,827	-
TOTAL COMPREHENSIVE INCOME		10,644	(924)
AASB 1004 Recognition			
Operating Result prior to AASB 1004 application		372	(923)
Grants Received in Advance 2017-18		(812)	0
Grants Received in Advance 2018-19		1,440	812
Adjusted Operating Result to reflect AASB 1004		1,000	(111)
Adjusted Total Comprehensive Income to reflect AASB 1004		11,272	(112)

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

District Council of Karoonda East Murray
Statement of Financial Position
as at 30 June 2019

		2019	2018
ASSETS	Notes	\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	2,274	2,111
Trade & other receivables	5	557	273
Inventories	5	15	30
Total Current Assets		2,846	2,414
Non-current Assets			
Infrastructure, property, plant & equipment	7	48,991	38,183
Other non-current assets	6	388	480
Total Non-current Assets		49,379	38,663
Total Assets		52,225	41,077
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,914	1,397
Provisions	8	113	123
Total Current Liabilities		2,027	1,520
Non-current Liabilities			
Provisions	8	20	23
Total Non-current Liabilities		20	23
Total Liabilities		2,047	1,543
NET ASSETS		50,178	39,534
EQUITY			
Accumulated Surplus		15,518	14,701
Asset Revaluation Reserves	9	34,660	24,833
TOTAL EQUITY		50,178	39,534

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

District Council of Karoonda East Murray
Statement of Changes in Equity
for the year ended 30 June 2019

		Acc'd Surplus	Asset Rev'n Reserve	TOTAL EQUITY
2019	Notes	\$'000	\$'000	\$'000
Balance at end of previous reporting period		14,701	24,833	39,534
Net Surplus / (Deficit) for Year		817	-	817
Other Comprehensive Income				
Gain on revaluation of infrastructure, property, plant & equipment		-	9,827	9,827
Balance at end of period	9	15,518	34,660	50,178
2018				
Balance at end of previous reporting period		15,625	24,833	40,458
Net Surplus / (Deficit) for Year		(924)	-	(924)
Balance at end of period	9	14,701	24,833	39,534

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

District Council of Karoonda East Murray
Statement of Cash Flows
for the year ended 30 June 2019

		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$'000	\$'000
<i>Receipts:</i>			
Rates - general & other		1,545	1,406
Fees & other charges		14	28
User charges		605	108
Investment receipts		36	25
Grants utilised for operating purposes		2,227	2,357
Reimbursements		45	2
Other revenues		450	75
<i>Payments:</i>			
Employee costs		(927)	(1,002)
Materials, contracts & other expenses		(1,478)	(1,338)
Finance payments		-	-
Net Cash provided by (or used in) Operating Activities	10	<u>2,517</u>	<u>1,661</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		550	-
Sale of replaced assets		34	22
Sale of surplus assets		-	8
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(2,168)	(1,309)
Expenditure on new/upgraded assets		(550)	(74)
Net Cash provided by (or used in) Investing Activities		<u>(2,134)</u>	<u>(1,353)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayment of aged care facility deposits		(220)	(2)
Net Cash provided by (or used in) Financing Activities		<u>(220)</u>	<u>(2)</u>
Net Increase (Decrease) in cash held		<u>163</u>	<u>306</u>
Cash & cash equivalents at beginning of period	10	<u>2,111</u>	<u>1,805</u>
Cash & cash equivalents at end of period	10	<u>2,274</u>	<u>2,111</u>

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

District Council of Karoonda East Murray is incorporated under the SA Local Government Act 1999 and has its principal place of business at 11 Railway Terrace, Karoonda. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

Grants Commission Funds received in June for the next financial year have been shown as income received in advance in the Financial Reports. Therefore, neither the Financial Reports nor the Budget variances are distorted. AASB1004 Recognition comparatives are shown within the Statements and Notes as applicable (Notes 2 and 8).

Other Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

The actual amounts of untied grants received during the reporting periods are disclosed in Note 2.

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 13.

5 Inventories

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

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

6.2 Initial Recognition

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

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

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not assessed for impairment.

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

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

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

12 GST Implications

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

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

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income from Not for Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$'000	2018 \$'000
RATES REVENUES			
<u>General Rates</u>		1,340	1,258
Less: Mandatory rebates		(9)	(14)
Less: Discretionary rebates, remissions & write offs		(9)	(11)
		<u>1,322</u>	<u>1,233</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		64	66
Waste collection		37	-
Community wastewater management systems		106	94
		<u>208</u>	<u>160</u>
<u>Other Charges</u>			
Penalties for late payment		15	13
		<u>1,544</u>	<u>1,406</u>
STATUTORY CHARGES			
Development Act fees		1	9
Town planning fees		4	6
Health & Septic Tank Inspection fees		1	1
Animal registration fees & fines		6	8
Other licences, fees, & fines		2	4
		<u>14</u>	<u>28</u>
USER CHARGES			
Cemetery/crematoria fees		5	4
Property Lease		30	70
Cabin Hire & Powered Site fees		36	27
Sales - general		9	7
		<u>80</u>	<u>108</u>
Interest on investments:			
Local Government Finance Authority		36	25
		<u>36</u>	<u>25</u>
REIMBURSEMENTS			
- for private works		3	2
- other		41	-
		<u>44</u>	<u>2</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		27	27
Rebates received		89	40
Sundry		11	8
		<u>128</u>	<u>75</u>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

	2019 \$'000	2018 \$'000
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets - Drought Community Funding	550	-
Other grants, subsidies and contributions	20	29
Untied - Financial Assistance Grant	1,694	903
Roads to Recovery	172	485
Drought Community Funding	450	-
Sundry	-	1
	2,336	1,418
	2,886	1,418
AASB 1004 Recognition		
Grants, Subsidies, Contributions per above	2,886	1,418
Grants Received in Advance 2017-18	(812)	-
Grants Received in Advance 2018-19	1,440	812
Adjusted Grants, Subsidies, Contributions per AASB 1004	3,514	2,230

The functions to which these grants relate are shown in Note 12.

Sources of grants

Commonwealth government	1,125	525
State government	1,761	933
Other	-	(40)
	2,886	1,418

AASB 1004 Recognition

Sources of grants

Commonwealth government	1,125	525
State government	2,389	1,745
Other	-	(40)
	3,514	2,230

AASB 1004 Recognition

In accordance with Accounting Standard AASB 1004, not for profit entities must recognise a contribution immediately as revenue when it has control or the right to receive the contribution.

For this reason various grant revenue which was receipted by the Council in June 2018-19 but not expended during 2018-19 must be recorded as revenue in the 2018-19 financial year.

Accordingly Councils' Operating Result, Total Comprehensive Income and Grant Revenue have been restated in the appropriate parts of these financial statement for 2018-19 as well as 2017-18.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

		2019	2018
Conditions over grants & contributions	Notes	\$'000	\$'000
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		141	-
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
<i>Roads Infrastructure</i>		(141)	-
<i>Subtotal</i>		(141)	-
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		-	141
<i>Subtotal</i>		-	141
<i>Unexpended at the close of this reporting period</i>		-	141
<i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>		(141)	141

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$'000	2018 \$'000
EMPLOYEE COSTS			
Salaries and Wages		912	965
Employee leave expense		90	91
Superannuation - defined contribution plan contributions	16	89	55
Superannuation - defined benefit plan contributions	16	2	27
Workers' Compensation Insurance		26	28
Less: Capitalised and distributed costs		(199)	(239)
Total Operating Employee Costs		920	927
Total Number of Employees		11	12
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		6	4
Elected members' expenses		80	77
Election expenses		12	-
Subtotal - Prescribed Expenses		98	81
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,766	1,219
Materials		717	na*
Energy		40	34
Legal Expenses		11	8
Levies paid to government - NRM levy		65	64
- Other Levies		26	22
Insurance		119	na*
Other Expenses		160	na*
Parts, accessories & consumables		630	624
Water		38	45
Less: Capitalised and Distributed Costs		(2,519)	(992)
Sundry		49	49
Subtotal - Other Materials, Contracts & Expenses		1,102	1,073
		1,200	1,154

na* - Additional disaggregation of totals undertaken in 2018-19

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	2019	2018
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Land - Other	-	-
Structures	12	25
Stormwater Drainage	16	16
CWMS	54	54
Roads	1,052	1,244
Footpaths, Kerb & Gutter	29	29
Roads Furniture	-	13
Plant & Equipment	352	346
Furniture & Fittings	7	11
Buildings	139	138
Other Assets	29	28
	<u>1,690</u>	<u>1,904</u>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2019	2018
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	34	22
Less: Carrying amount of assets sold	139	18
Gain (Loss) on disposal	(105)	4
<i>Assets surplus to requirements</i>		
Proceeds from disposal	-	8
Less: Carrying amount of assets sold	-	13
Gain (Loss) on disposal	-	(5)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(105)	(1)

Note 5 - CURRENT ASSETS

	Notes	\$'000	\$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		233	25
Deposits at Call		2,041	2,086
		2,274	2,111
TRADE & OTHER RECEIVABLES			
Rates - General & Other		203	204
Accrued Revenues		227	7
Debtors - general		123	18
GST Recoupment		-	44
Prepayments		4	-
		557	273
INVENTORIES			
Stores & Materials		15	30
		15	30

Note 6 - NON-CURRENT ASSETS

	Notes	\$'000	\$'000
OTHER NON-CURRENT ASSETS			
<i>Inventories</i>			
Real Estate Developments		346	346
Capital Works-in-Progress		42	134
		388	480
<i>Real Estate Developments - Non-Current</i>			
<i>(Valued at the lower of cost and net realisable value)</i>			
<i>Residential</i>		346	346
		346	346

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2018 \$'000				2019 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Other	2	1,254	-	-	1,254	1,140	-	-	1,140
Structures	3	393	73	(385)	81	614	109	(317)	406
Stormwater Drainage	3	612	106	(85)	633	612	452	(101)	963
CWMS	3	3,963	-	(1,218)	2,745	3,963	-	(1,272)	2,691
Roads	3	61,039	2,490	(33,836)	29,693	64,533	3,950	(32,059)	36,424
Footpaths, Kerb & Gutter	3	1,747	-	(564)	1,183	1,747	-	(593)	1,154
Roads Furniture		126	-	(76)	50	-	-	-	-
Plant & Equipment		189	2,700	(1,280)	1,609	-	2,934	(1,602)	1,332
Furniture & Fittings		60	85	(78)	67	-	55	(14)	41
Buildings	3	3,517	228	(3,207)	538	7,336	228	(3,386)	4,178
Other Assets		379	175	(224)	330	-	827	(165)	662
Total IPP&E		73,279	5,857	(40,953)	38,183	79,945	8,555	(39,509)	48,991
Comparatives		73,280	4,394	(39,077)	38,597	73,279	5,857	(40,953)	38,183

This Note continues on the following pages.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2018	CARRYING AMOUNT MOVEMENTS DURING YEAR								2019
	\$'000	\$'000								\$'000
	Carrying Amount	Additions		Disposals	Depreciatio n	Impairment	Transfers		Net Revaluation	Carrying Amount
New / Upgrade		Renewals	In				Out			
Land - Other	1,254	-	-	-	-	-	-	-	(114)	1,140
Structures	81	-	36	(66)	(12)	-	-	-	367	406
Stormwater Drainage	633	-	346	-	(16)	-	-	-	-	963
CWMS	2,745	-	-	-	(54)	-	-	-	-	2,691
Roads	29,693	-	1,460	-	(1,052)	-	-	-	6,323	36,424
Footpaths, Kerb & Gutter	1,183	-	-	-	(29)	-	-	-	-	1,154
Roads Furniture	50	-	-	12	-	-	-	-	(62)	-
Plant & Equipment	1,609	-	127	(52)	(352)	-	-	-	-	1,332
Furniture & Fittings	67	-	10	(29)	(7)	-	-	-	-	41
Buildings	538	550	-	-	(139)	-	-	-	3,229	4,178
Other Assets	330	-	281	(4)	(29)	-	-	-	84	662
Reinstatement costs	-	-	-	-	-	-	-	-	-	-
Total IPP&E	38,183	550	2,260	(139)	(1,690)	-	-	-	9,827	48,991
Comparatives	38,599	74	1,445	(31)	(1,904)	-	-	-	-	38,183

This note continues on the following pages.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land: Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

District Council of Karoonda East Murray
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

District Council of Karoonda East Murray
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Land

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition; land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Land holdings were revalued on the 1 July 2018 to reflect the site value as determined by the Valuer General.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2014 by Maloney Field Services. A comprehensive review identified that the take up of the current replacement cost did not occur in the year ending 30 June 2014, however the depreciation charge for that year and subsequent years was based on the correct revalued current replacement cost as at 30 June 2014. Accordingly adjustments were made to the carrying value as well as the Asset Revaluation Reserves of the effected asset classes.

Stormwater

Stormwater infrastructure was valued by Council staff as at 30 June 2012. Subsequent acquisitions have been recorded at cost.

Roads

A desk top revaluation of Councils sealed & unsealed road networks was undertaken by Council staff on the 1 July 2018. Standard useful lives and average unit cost rates now reflect Councils current work practises. Subsequent acquisitions have been recorded at cost. Council intends to undertake a comprehensive revaluation of its entire road network by an independent appropriately qualified valuer during the year ending 30 June 2020.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2012 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system

Community wastewater management system infrastructure were valued at depreciated current replacement cost during the reporting period ended 30 June 2016 by Mr Rick Gaylor of Gaylor Professional Services. Subsequent acquisitions have been recorded at cost.

Footpath, Kerb & Gutter

Footpath, Kerb & Gutter infrastructure were valued at depreciated current replacement cost during the reporting period ended 30 June 2016 by Mr Rick Gaylor of Gaylor Professional Services. Subsequent acquisitions have been recorded at cost.

Plant, Furniture & Equipment

These assets are recognised at cost.

Other assets

These assets are recognised at cost.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8 - LIABILITIES

		2019 \$'000		2018 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		267		132	
Payments received in advance*		1,440	-	812	-
Accrued expenses - employee entitlements		33	-	27	-
Accrued expenses - other		-	-	32	-
Aged Care Facility Deposits		174	-	394	-
		1,914	-	1,397	-

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

174

394

**Payments received in advance represent grant revenue receipted in June 2018 (or comparatives in June 2017) but not expended until the following year. Readers are referred to Note 2 as well as adjustments made to the Statement of Comprehensive Income for further information*

PROVISIONS

Employee entitlements (including oncosts)	113	20	123	23
	113	20	123	23

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

42

34

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2018	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2019
Notes	\$'000	\$'000	\$'000	\$'000
Land - Other	725	(114)		611
Structures	8	367		375
Stormwater	301	-		301
CWMS	2,284	-		2,284
Roads	19,194	6,323		25,517
Footpath Kerb & Gutter	1,123	-		1,123
Roads Furniture	62	(62)		-
Plant & Equipment	726	-		726
Furniture & Fittings	30	-		30
Buildings	125	3,229		3,354
Other Assets	255	84		339
TOTAL	24,833	9,827	-	34,660
Comparatives	24,833			24,833

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2019 \$'000	2018 \$'000
Total cash & equivalent assets	5	<u>2,274</u>	<u>2,111</u>
Balances per Cash Flow Statement		<u>2,274</u>	<u>2,111</u>

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

Net Surplus (Deficit)	817	(924)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,690	1,904
Net increase (decrease) in unpaid employee benefits	(7)	-
Grants for capital acquisitions treated as Investing Activity	(550)	-
Net (Gain) Loss on Disposals	<u>105</u>	<u>2</u>
	2,055	982
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(284)	(72)
Net (increase) decrease in inventories	15	8
Net increase (decrease) in trade & other payables	731	911
Net increase (decrease) in other provisions	<u>-</u>	<u>(168)</u>
Net Cash provided by (or used in) operations	<u>2,517</u>	<u>1,661</u>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2019	2018	2019	2018
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000				
Council Administration	2,559	1,874	870	910	1,689	964	1,113	593	5,361	4,217
Business & Economic Development	176	129	211	221	(35)	(92)	-	-	3,489	2,744
Community Support/Amenities	59	43	168	176	(110)	(133)	1,000	-	787	619
Environment	97	71	248	259	(151)	(188)	-	-	-	-
Health	1	1	5	5	(3)	(4)	-	-	-	-
Public Order & Safety	1	1	8	8	(6)	(7)	-	-	-	-
Recreation & Culture	44	32	288	301	(244)	(269)	1	1	420	330
Regulatory Services	31	23	59	62	(28)	(39)	-	-	-	-
Transport	1,181	865	1,726	1,805	(544)	(940)	772	824	40,122	31,558
Plant Depot & Other Purposes	31	23	228	238	(196)	(215)	-	-	2,046	1,609
TOTALS	4,182	3,062	3,810	3,985	372	(923)	2,886	1,418	52,225	41,077

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, Roads Grants and Rates General.

Business and Economic Development

Caravan Parks, Business Development and Contribution to the Regional Development Board and Tourism Services. Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Community Support/ Amenities

Maintenance of Rented Housing and Retirement Village, Aged and Transport Services, Cemeteries and Public Conveniences.

Environment

Agricultural Services Waste Management, Domestic Waste, Recycling, Waste Disposal Facility, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Health

Food Control, Sanitary and Immunisations Services Support.

Public Order & Safety

Fire Prevention, Emergency Services and Supervision of By-Laws.

Recreation & Culture

Maintenance of various Parks and Gardens, Ovals and Playgrounds and Street Scaping, Contribution and Support to School Library, Historical Services and Maintenance of Pioneer Park and Various Community Halls.

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Construction and Maintenance of Roads, Drainage Works, Footpaths and Kerbing, Traffic Control Signage and Cleaning of Streets.

Plant Hire & Depot & Other Purposes

Grants Commission Road Grant, Interest Received, Donations and Other.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1% and 2% (2018: 1% and 2%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2018: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	2,274			2,274	2,274
Receivables	553	-	-	553	553
Total	2,827	-	-	2,827	2,827
<u>Financial Liabilities</u>					
Payables	1,881	-	-	1,881	1,881
Total	1,881	-	-	1,881	1,881

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	2,111			2,111	2,111
Receivables	25	-	-	25	25
Total	2,136	-	-	2,136	2,136
<u>Financial Liabilities</u>					
Payables	191	394	-	789	789
Total	191	394	-	789	789

Net Fair Value

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

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$'000	\$'000
Other Expenditure Commitments		
Audit Services	8	16
Employee Remuneration Contracts	825	830
Waste Management Contracts	97	145
Cleaning Contracts	-	35
	<u>930</u>	<u>1,026</u>
These expenditures are payable:		
Not later than one year	461	391
Later than one year and not later than 5 years	469	635
Later than 5 years	<u>930</u>	<u>1,026</u>

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

Note 13 - FINANCIAL INSTRUMENTS (con't)

Receivables - Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - FINANCIAL INDICATORS

	2019	2018	2017
Operating Surplus Ratio			
<u>Operating Surplus</u>	8.9%	-30.0%	15.0%
Total Operating Income			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-19%	-27%	-25%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	130%	68%	85%
Net Asset Renewals - IAMP			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2019		2018
	\$'000		\$'000
Income	4,182		3,062
Expenses	(3,810)		(3,985)
Operating Surplus / (Deficit)	372		(923)
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,168)		(1,309)
Add back Depreciation, Amortisation and Impairment	1,690		1,904
Proceeds from Sale of Replaced Assets	34		22
	(444)		617
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(550)		(74)
Amounts received specifically for New and Upgraded Assets	550		-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-		8
	-		(66)
Net Lending / (Borrowing) for Financial Year	(72)		(372)

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017-18; 9.50% in 2018-19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017-18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Coalface NT Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

**Note 17 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE
STATEMENT OF FINANCIAL POSITION**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 1,299 km of road reserves of average width 8 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council does not hold any bank guarantees.

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 12 persons were paid the following total compensation:

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	387	440
Post-employment benefits	30	25
Long term benefits	-	113
TOTAL	417	578

No amounts were received by or from Councils' Key Management Personnel during the 2018-19 Financial Year in any of Councils operating activities.

12 November 2019

Independent Auditor's Report

To the members of District Council of Karoonda East Murray

Opinion

We have audited the accompanying financial report of District Council of Karoonda East Murray, which comprises the statement of comprehensive income, the statement of financial position as at 30 June 2019, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's declaration.

In our opinion, the accompanying financial report of District Council of Karoonda East Murray is in accordance with the *Local Government (Financial Management) Regulations 2011*, including:

- (a) giving a true and fair view of the Council's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the District Council of Karoonda East Murray in accordance with the *Local Government (Financial Management) Regulations 2011*, and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and *Local Government (Financial Management) Regulations 2011*, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Independent Auditor's Report

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

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, and the Australian professional accounting bodies.

PKF Adelaide



Steven Russo
Partner
Level 9, 81 Flinders Street
ADELAIDE SA 5000

12 November 2019

Independent Assurance Report on the Internal Controls of the District Council of Karoonda East Murray

To the members of District Council of Karoonda East Murray

Opinion:

We have audited the compliance of the District Council of Karoonda East Murray (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

Basis for opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluation management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluation the design and implementation of controls on a sample basis based on the assessed risks.

Independent Assurance Report on the Internal Controls of the District Council of Karoonda East Murray

Limitation on Use

This report has been prepared for the members of the Council in accordance with Section 129 of the *Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls specified above are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

Independence

In conducting our audit we have complied with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, and the Australian professional accounting bodies.

PKF Adelaide



Steven Russo CA RCA
Engagement Partner
Level 9, 81 Flinders Street
ADELAIDE SA 5000
12 November 2019

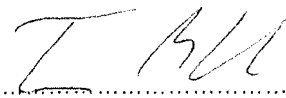
District Council of Karoonda East Murray
Annual Financial Statements
for the year ended 30 June 2019

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Coalface SA Council for the year ended 30 June 2019, the Council's Auditor, PKF Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.


.....
Matthew Morgan
CHIEF EXECUTIVE OFFICER


.....
Tim Muhlhausler
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 26/11/2019

Auditor's Independence Declaration

To Chief Executive Officer of
District Council of Karoonda East Murray

Auditor's Independence Declaration under Section 16A of the *Local Government (Financial Management) Regulations 2011* to the Members of the District Council of Karoonda East Murray.

As lead engagement partner for the audit of District Council of Karoonda East Murray for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the independence requirements of the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*, made under the that Act, in relation to the audit of the financial statements; and
- No contraventions of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Boards.

This statement is prepared in accordance with the requirements of Regulation 22 (5) of the *Local Government (Financial Management) Regulations 2011*.

PKF Adelaide



Steven Russo
Partner
Level 9, 81 Flinders Street
ADELAIDE SA 5000
12 November 2019

Constituent Councils



Murraylands and Riverland Local Government Association

2018-19 Annual Report



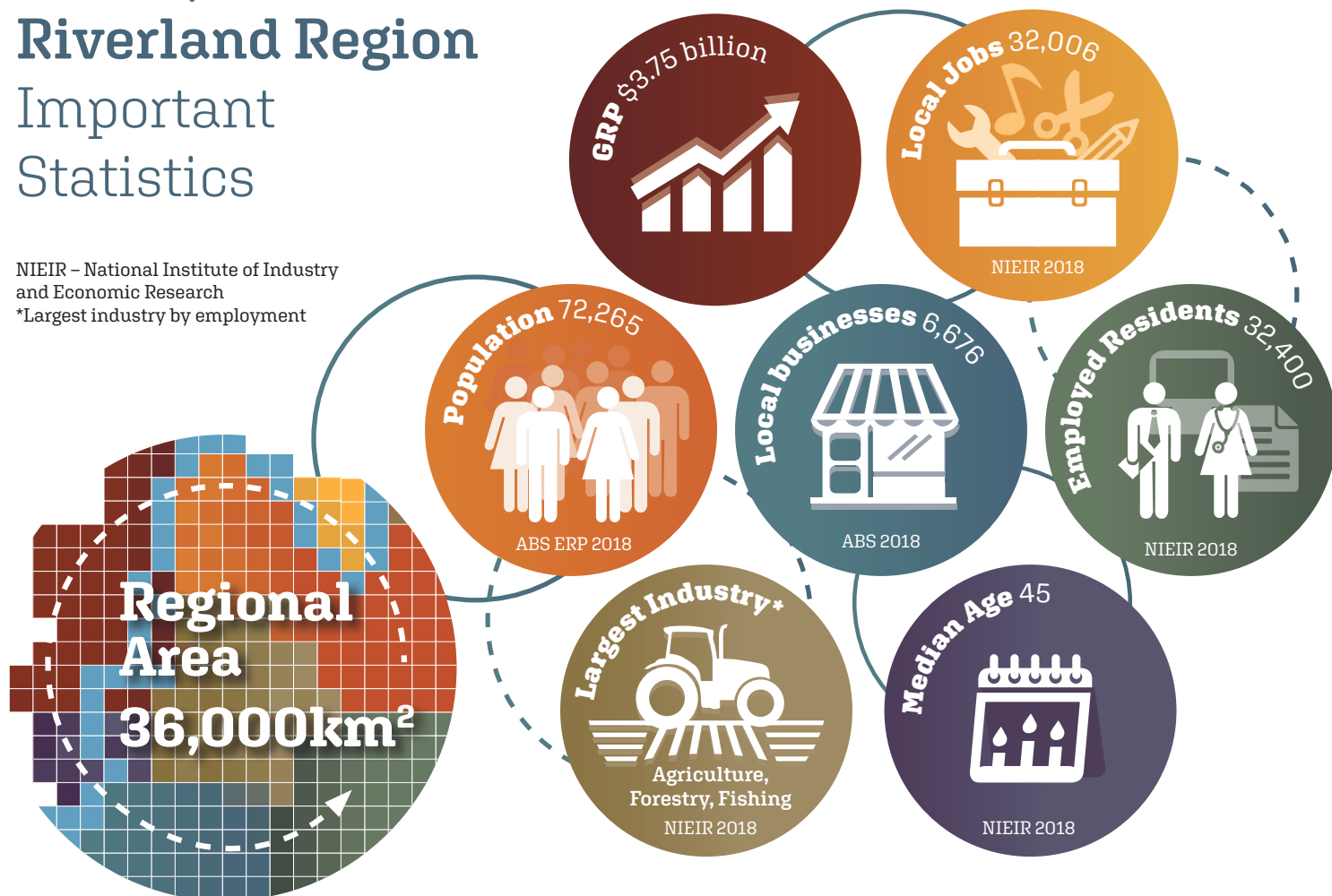
The Murraylands and Riverland
Local Government Association

A regional subsidiary established under the
Local Government Act 1999

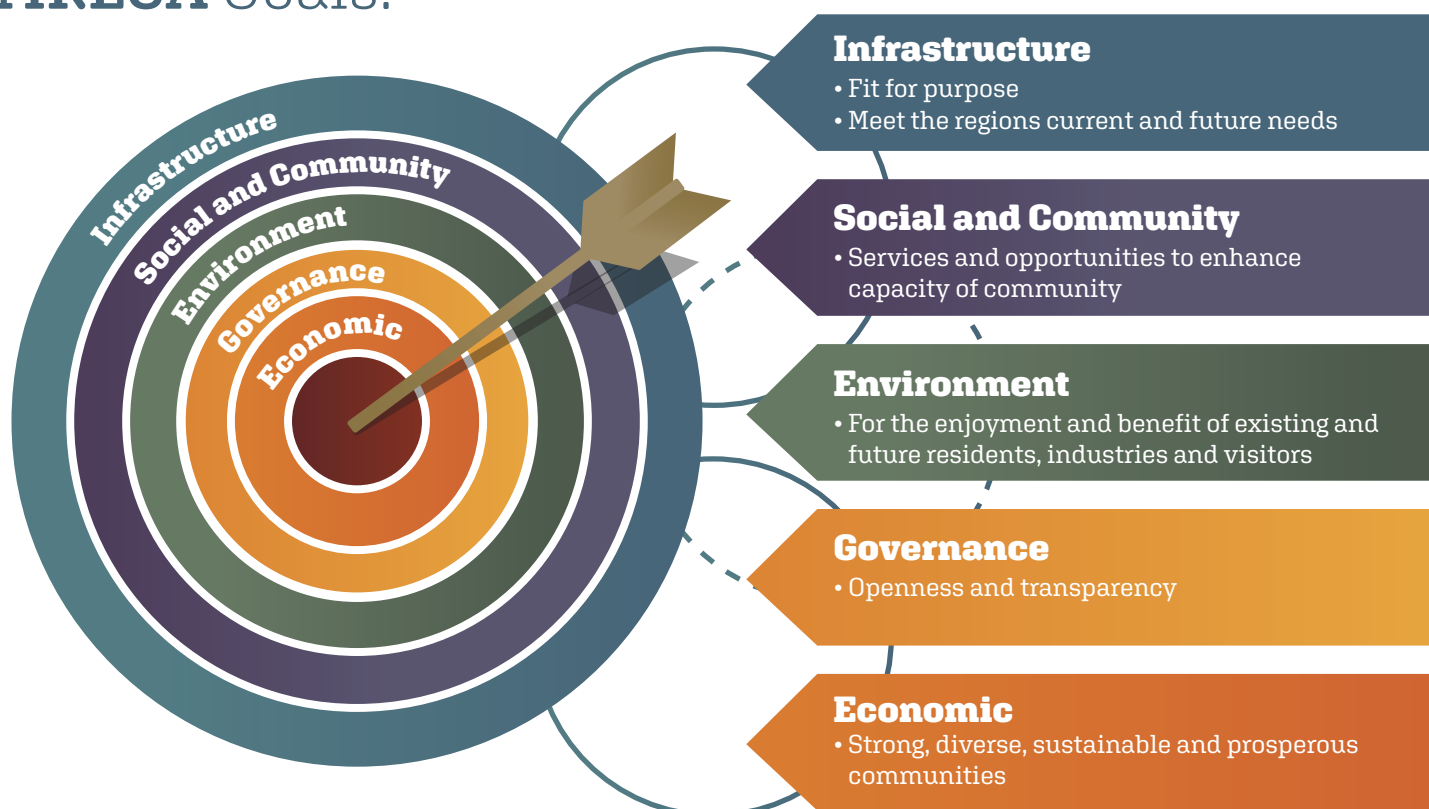
Murraylands Riverland Region

Important Statistics

NIEIR – National Institute of Industry
and Economic Research
*Largest industry by employment



MRLGA Goals:





PRESIDENT'S REPORT

I am pleased to present and commend to you the 2018/2019 Murraylands and Riverland Local Government Association (MRLGA) Annual Report.

The report reflects a period of change within the Association.

From a personal perspective, I thank my fellow board members, the principal members of the constituent councils, for entrusting me with the role of President of the MRLGA at the Special General Meeting of the Association held on 5 December 2018.

I consider it a privilege to serve in the capacity of President of the MRLGA and acknowledge the leadership of the immediate past President, Mayor Dave Burgess whose commitment to the Association, regional South Australia and indeed the State has exemplified and promoted the very best of local government. I thank Mayor Burgess for his continued support as the Deputy President.

Of course, the significance of the Special General Meeting on 5 December 2018 was reflective of the fact that Local Government elections were held across the state in November 2018. It would be remiss of me not to thank former Mayors Kevin Burdett and Neville Jaensch for their contributions to MRLGA over numerous years; I note their continued commitment to the District Council of Karoonda East Murray and Coorong District Council respectively.

Importantly, change also presents an opportunity to welcome new people, embrace new perspectives and consider new approaches. On that note, MRLGA welcomed Mayor Caroline Phillips, District Council Karoonda East Murray and Mayor Paul Simmons, Coorong District Council.

The Board of the MRLGA provides oversight and the strategic impetus to a program of works delivered by a number of committees. The committees provide a platform for the combine capabilities that exists across our constituent councils to work collaboratively in the interests of the region. It is important to recognise the MRLGA CEO Network Group and the work they undertook throughout the year in providing advice on the review of the MRLGA Charter and the Subscription Model. Likewise, the outputs of the MRLGA Regional Transport and Asset Committee and the MRLGA Regional Public Health and Wellbeing Committee have allowed the Board to review, prioritise and access resources and implement projects on behalf of region.

MRLGA remains committed to the Murray River Alliance (MRA) which informally aligns the interests of the Association with those of Regional Development Australia Murraylands and Riverland and the South Australian Murray Darling Basin Natural Resource Management Board. Through involvement with the MRA, aspects of development planning and land use zones along the length of the Murray River in South Australia were identified as areas where a cohesive and coordinated regional response could unlock economic potential. Work in this area has placed the councils along the Murray River in a strong position to be able to respond to the South Australian Government's draft Planning and Design codes.

In reflecting on the change and the work MRLGA has undertaken in the last 12 months, it is clear that the local government sector must continue to articulate the key role we play in serving our communities, elevate our priorities and campaign for the necessary support required from other tiers of government. Collectively we need to focus the effective management of our resources and assets and provide the necessary services to create an environment for healthy and prosperous communities and associated industry.

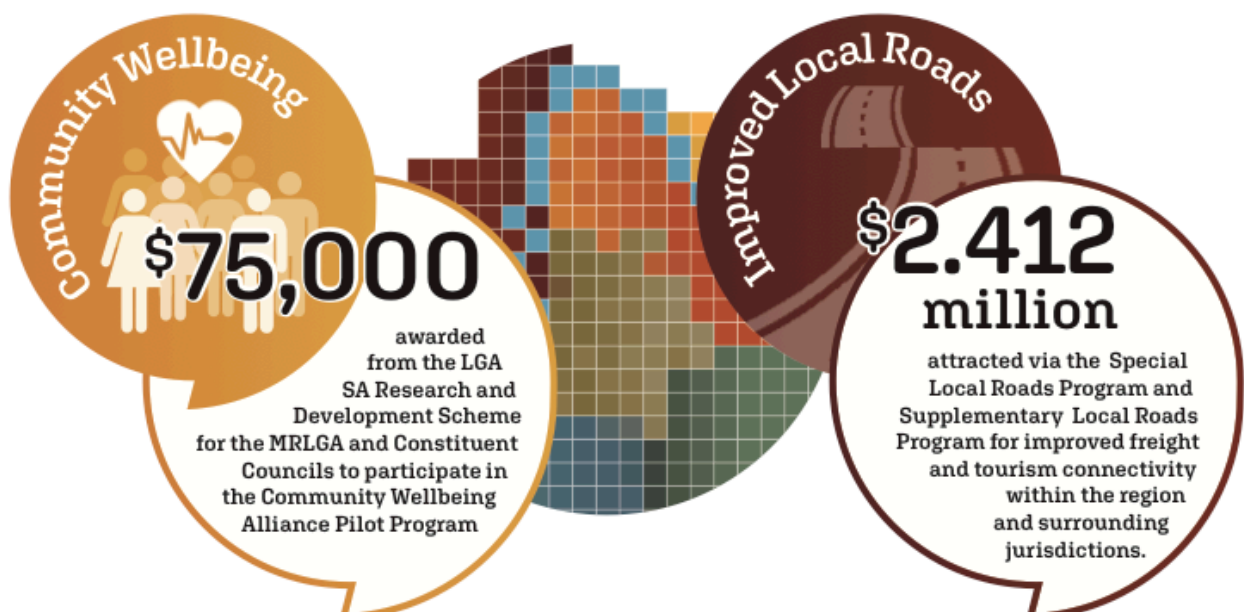
As much as we plan and as hard as we work, often there are circumstances that are beyond our control that can have a significant influence on our economies and communities. While we endeavour to build our capability and capacity in order to develop greater resilience as a region, the impacts of drought can leave us searching for answers nonetheless. In difficult times, strong partnerships often come to the fore and in this instance, it is important that we acknowledge the support received from the Australian Government via the Drought Communities Programme. The benefits of the two governments working together to assist local communities are immense and MRLGA are grateful for the opportunities it afforded.

In wrapping up, I finish where I started by noting that it has been a year of change. I wish to thank Peter Bond who, under contract to the Association, provided executive services and undertook the role of Chief Executive Officer (CEO). Peter's final day with the Association was 28 June 2019. The strategic leadership he offered has been a real asset to MRLGA and he leaves the organisation well positioned for continuing success. I wish Peter all the best in his future endeavours and thank him in particular for the structural change he initiated during his tenure.

Furthermore, it gives me a great deal of pleasure, on behalf of the Board, to welcome Tim Smythe to the MRLGA and wish him all the best in the role of CEO.

Mayor Peter R. Hunt, Berri Barmera Council
President MRGLA

Key Outcomes



MRLGA BOARD AND DEPUTY MEMBERS

MRLGA Principal Members			
From December 2018		From July 2018 to November 2018	
*Mayor Peter Hunt (President)	Berri Barmera Council	Mayor Peter Hunt (Deputy President)	Berri Barmera Council
Mayor Paul Simmons	Coorong District Council	Mayor Neville Jaensch	Coorong District Council
Mayor Caroline Phillips	District Council Karoonda East Murray	Mayor Kevin Burdett	District Council Karoonda East Murray
Mayor Leon Stasinowsky	District Council Loxton Waikerie	Mayor Leon Stasinowsky	District Council Loxton Waikerie
*Mayor Dave Burgess (Deputy President)	Mid Murray Council	Mayor Dave Burgess (President)	Mid Murray Council
Mayor Neil Martinson	Renmark Paringa Council	Mayor Neil Martinson	Renmark Paringa Council
Mayor Brenton Lewis	Rural City of Murray Bridge	Mayor Brenton Lewis	Rural City of Murray Bridge
Mayor Andrew Grieger	Southern Mallee District Council	Mayor Andrew Grieger	Southern Mallee District Council

**Member of the South Australian Regional Organisation of Councils; a committee of LGASA*

MRLGA Deputy Members			
From December 2018		From July 2018 to November 2018	
Cr Rhonda Centofanti	Berri Barmera Council	Cr Andrew Kassebaum	Berri Barmera Council
Cr Ella Winnall	Berri Barmera Council		
Cr Jeff Arthor	Coorong District Council		
Cr Sharon Bland	Coorong District Council	Cr Sharon Bland	Coorong District Council
Cr Yvonne Smith	District Council Karoonda East Murray	Cr Caroline Phillips	District Council Karoonda East Murray
Cr Trevor Norton	District Council Loxton Waikerie	Cr Michael Vowles	District Council Loxton Waikerie
Cr Kevin Myers	Mid Murray Council	Cr Kelly Kuhn	Mid Murray Council
Cr Peter Hunter	Renmark Paringa Council	Cr Peter Hunter	Renmark Paringa Council
Cr Fred Toogood	Rural City of Murray Bridge	Cr Theo Weinmann	Rural City of Murray Bridge
Cr Neville Pfeiffer	Southern Mallee District Council	Cr Neville Pfeiffer	Southern Mallee District Council

MRLGA ACTIVITY

MRLGA Board:

The MRLGA Board exists as a means to coordinate activities of local government at a regional level related to environment, economic and social development with the objective of achieving continual improvement for the benefit of the communities of its constituent councils. The Board held meetings in:

- 11 July 2018
- 12 October 2018
- 5 December 2018
- 30 January 2019
- 5 April 2019
- 24 May 2019

Meetings of the Board provide opportunity to hear from guest speakers on strategically aligned matters. Presentations on the following were delivered to the Board:

- Purpose, activities and initiatives of Small Business Commissioner
- LGA Constitutional review and ancillary documents
- SA Power Networks – vegetation management near powerlines
- Progress of the National Carp Control Program
- Brand SA initiatives
- SA MDB NRMB – Murray Darling Water Infrastructure Program

MRLGA COMMITTEES

CEO Network

The CEO Network is an advisory group that participates in priority identification for MRLGA Board and provides tactical advice on the pursuit of strategic outputs.

Meetings were held in:

- August 2018
- January 2019
- March 2019
- May 2019

The CEO Network provided a forum for the following presentations:

- LG Emergency Management Operations
- Office of Industry Advocate – Industry Participation Frameworks

The CEO Network have also played a significant role in developing recommendations to the MRLGA Board on:

- The MRLGA Subscription Model
- Charter review
- Policy development and review

MRLGA CEO Network Group	
Current 30 June 2019	
Karyn Burton	Berri Barmera Council
David Mosel (Acting)	Coorong District Council
Matthew Morgan	District Council Karoonda East Murray
David Beaton	District Council Loxton Waikerie
Ben Scales	Mid Murray Council
Tony Siviour	Renmark Paringa Council
Michael Sedgman	Rural City of Murray Bridge
Jason Taylor	Southern Mallee District Council

Regional Transport and Assets (RTA)

The RTA brings together council infrastructure managers and provides tactical and strategic response to infrastructure development and maintenance across the regions. Meetings of RTA were held in:

- October 2018
- February 2019
- April 2019

Outcomes derived from the activity of the RTA include:

- Identification and prioritisation of council managed regionally significant roads for investment via the Special Local Roads Program
- Development of project scope for the Regional Road Hierarchy Project
- Refinement of the freight intersection risk spreadsheet as part of the ongoing High-Risk Intersection Upgrade Project
- Updating Regional Road Action Plan
- Partial review of the 2030 Regional Transport Plan

MRLGA Regional Transport & Assets Committee	
Current 30 June 2019	
Mayor Neil Martinson Chair	
Mayor Peter Hunt (ex officio)	
Mayor Paul Simmons	
Harry Du	Berri Barmera Council
Dave Degrancy	Berri Barmera Council
David Mosel	Coorong District Council
Jarrold Manuel	District Council Karoonda East Murray
Greg Perry	District Council Loxton Waikerie
Dom Perre (proxy)	District Council Loxton Waikerie
David Hassett	Mid Murray Council
Russell Pilbeam (proxy)	Mid Murray Council
Tim Tol	Renmark Paringa Council
Geoff Meaney (proxy)	Renmark Paringa Council
Heather Barclay	Rural City of Murray Bridge
Matt James (proxy)	Rural City of Murray Bridge
Mathew Sherman	Southern Mallee District Council

Regional Public Health and Wellbeing Committee

The MRLGA Regional Public Health and Wellbeing Plan Committee comprises of Staff and Senior Management representatives from each Council including but not limited to Environmental Health, Community Development, Infrastructure and Governance. The Committee held meetings in:

- 7 September 2018
- 30 January 2019
- 18 March 2019

Outputs from the Regional Public Health and Wellbeing Committee include:

- Murraylands and Riverland Regional Public Health Plan Report for the period 1 July 2016 to 30 June 2018 submitted pursuant to Section 52 of the *SA Public Health Act 2011*

MRLGA Regional Public Health & Wellbeing Committee	
Current 30 June 2019	
Mayor Peter Hunt (ex officio)	
Rebecca Burton	
Andrew Haigh	Berri Barmera Council
Myles Sommers	Berri Barmera Council
Cr Sharon Bland	Coorong District Council
Caroline Thomas	Coorong District Council
Dara Frankel	District Council Loxton Waikerie
Cheryl Pedler	District Council Loxton Waikerie
Thomas McKellar	Mid Murray Council
Kristy Morgan	Mid Murray Council
Julie Savill	Mid Murray Council
Stephanie Coughlin	Renmark Paringa Council
Katina Nikas	Renmark Paringa Council
Jeremy Byrnes	Rural City of Murray Bridge
Reg Budarick	Rural City of Murray Bridge
Geoff Parsons	Rural City of Murray Bridge
Shilo Wyatt	Southern Mallee District Council

- Expression of Interest successfully submitted to the LGA SA Research and Development Scheme and \$75,000 awarded for the region to participate in the Community Wellbeing Alliance Pilot project
- Advocacy, via correspondence to Hon Stephen Wade MLC, Minister for Health and Wellbeing, for the continuation of the Local Government Public Health Program

Social Issues Report

Emily Morgan, Pull Bang Enterprises, was engaged to conduct a survey of member Councils and prepared a "Social Issues Report" for the region. The final report uses quantitative and qualitative data to describe the headline social issues for each Council as well as describing current Local Government programs, projects and services employed to address these issues.

ALLIED ORGANISATIONS

Murray River Alliance (MRA)

MRA is an informal alliance between Regional Development Australia Murraylands and Riverland, South Australian Murray Darling Basin Natural Resource Management Board and MRLGA. Meetings were held on:

- 21 September 2018
- 16 November 2018
- 8 March 2019
- 5 April 2019

Outcomes from the Murray River Alliance

- URPS (Urban and Regional Planning Solutions) were commissioned (RDA) and delivered the Murray River Corridor Policies -Transitioning to the Planning and Design Code project.
 - The project also looked a case study from Victoria where an Economic Growth Zone was established in the La Trobe Valley
- URPS have been commissioned (MRLGA) to deliver stage 2 the Murray River Corridor Policies project.
 - Myles Somers (BBC) and Geoff Parsons (RCMB) are the project leads
 - The project will position the region to respond to the South Australian Government's draft Planning and Design codes

Murray Darling Association (MDA)

The MRLGA provides a forum by which Constituent Councils can consider the activities of the MDA and coordinate responses to issues as they arise. MRLGA also provides a conduit by which oversight of appropriate local government representation can occur on the region 5 and 6 regional committees to the MDA. Key to the MRLGA involvement is a desire to see continued commitment to delivering the Murray Darling Basin Plan in full and on time.

The MRLGA CEO in fulfilling his duties to the Advisory Committee attended a Strategic Planning Workshop in Echuca/Moama from 1 to 4 February 2019 and the Annual Conference in Leeton on 29 and 30 August 2018.

Regional Organisation Executive Officers

The Regional Organisations Executive Officers from the six regional local government associations have formed a Working Group. Meetings were held on:

- 22 August 2018
- 4 December 2018
- 20 March 2019
- 15 May 2019

Outputs have included:

- Contribution to the SAROC Business Plan and the Agenda
- A stronger working relationship with the LGA Management team
- Provision of regional intelligence to sector wide issues
- Advocating on behalf of the regions
- Identification of priority issues



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The Murraylands and Riverland
Local Government Association

Murray and Mallee Local Government Association

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2019**

Murray and Mallee Local Government Association

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Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		\$	\$
Income			
M&M LGA Contributions	2	143,436	158,665
Other Grants & Contributions	2	367,234	257,518
Interest Revenue	2	9,961	4,689
Total Revenue		520,631	420,872
Operating Expenses	3	(190,302)	(277,094)
Surplus (deficit) for the year		330,329	143,778
Total Comprehensive Profit (Loss)		330,329	143,778

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	902,359	435,692
Trade and other receivables	5	750	148,706
Total Current Assets		<u>903,109</u>	<u>584,398</u>
Total Assets		<u>903,109</u>	<u>584,398</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	2,766	14,384
Total Current Liabilities		<u>2,766</u>	<u>14,384</u>
Total Liabilities		<u>2,766</u>	<u>14,384</u>
Net Assets		<u>900,343</u>	<u>570,014</u>
Member's Funds			
Unspent funds reserve	7	-	-
Accumulated surplus	7	900,343	570,014
Total Members Funds		<u>900,343</u>	<u>570,014</u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF CHANGES IN MEMBER'S FUNDS
AS AT 30 JUNE 2019**

	Note	Accumulated Surplus \$	Unspent funds reserve \$	Total \$
2019				
Balance at the beginning of the year	7	570,014	-	570,014
Surplus for the year		330,329	-	330,329
Balance at the end of year		<u>900,343</u>	<u>-</u>	<u>900,343</u>
2018				
Balance at the beginning of the year	7	502,456	(76,220)	426,236
Surplus for the year		143,778	-	143,778
Transfers		(76,220)	76,220	-
Balance at the end of year		<u>570,014</u>	<u>-</u>	<u>570,014</u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		\$	\$
Cash from operating activities			
Receipts from grants		367,234	257,518
Receipts from members		143,436	158,665
Interest received		9,961	4,689
less: increase/(decrease) in debtors		147,956	(136,977)
Payments to suppliers		(190,302)	(277,094)
add: increase/(decrease) in payables		(11,618)	2,066
Net cash provided from operating activities	8	466,667	8,867
Net increase in cash held		466,667	8,867
Cash at beginning of financial year		435,692	426,825
Cash at end of financial year	4	902,359	435,692

The accompanying Notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 1: Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government Act (1999). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the members of the committee.

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed (subject to materiality).

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(c) Income taxes

The activities of the Association are exempt from taxation under the Income Tax Assessment Act 1997.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instruments are classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial re-organisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

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

(f) Impairment of assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Revenue

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from membership subscriptions are recognised as income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by reference to the membership year.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Trade and other receivables

These include amounts due from the ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

(i) Impairment - general

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Murray Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2: Revenue

	2019	2018
	\$	\$
M&M LGA Contributions		
Berri Barmera	21,319	20,860
Coorong District Council	14,120	13,816
DC of Karoonda East Murray	7,476	7,315
DC of Loxton Waikerie	27,566	22,080
Mid Murray Council	16,889	16,525
The Rural City of Murray Bridge	28,241	27,633
Renmark Paringa Council	18,965	18,557
Southern Mallee DC	8,860	8,669
SLRP surcharge	-	23,210
	<hr/> 143,436	<hr/> 158,665
Other Grants & Contributions		
Other Grants	-	3,450
Rubble Royalties	194,542	164,291
Regional Capacity Buildings	40,692	39,777
Community Wellbeing Alliance	75,000	-
Out Reach Program Income	25,000	50,000
Riverland Social Indicators	32,000	50,000
	<hr/> 367,234	<hr/> 307,518
Interest Revenue	9,961	4,689
Total Revenue	<hr/> 520,631 <hr/>	<hr/> 470,872 <hr/>

Murray Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 3: Other Operating Expenses

	2019	2018
	\$	\$
Allowances	2,862	3,000
Accounting software	50	276
Audit fees	3,050	3,300
Executive officer contract services	121,393	115,520
Insurance	4,325	7,208
Meeting expenses	4,615	2,221
President's travelling allowance	-	649
SAROC regional meeting costs	-	1,115
Sundry expenses	-	1,200
SLRP Priority Setting	-	14,099
Administration Support	18,273	10,680
Legal Charter Review	490	-
CEO Succession Planning / Recruitment	7,302	-
MDB Social Planning Forum	2,618	-
Project Expenditure:		
Discretionary Projects	1,192	18,700
Strategic ICT Projects	-	15,000
Commodity Route Assessment	-	16,960
Murray River Alliance Projects	-	11,022
Regional Freight Movement Study	-	29,735
Regional Waste Strategy	900	2,500
Sport and Recreation Facilities Needs Review	-	23,909
Riverland Social Indicators	23,232	-
	<u>190,302</u>	<u>277,094</u>

Note 4: Cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	100	100
Cash at bank	136,180	279,473
LGFA Investment	766,080	156,119
	<u>902,359</u>	<u>435,692</u>

Note 5: Trade and other receivables

	2019	2018
	\$	\$
Trade Debtors	-	140,408
GST receivable / (payable)	-	8,298
Prepayments	750	-
	<u>750</u>	<u>148,706</u>

Note 6: Trade and other Payables

	2019	2018
	\$	\$
Payables	-	14,384
GST receivable / (payable)	2,766	-
	<u>2,766</u>	<u>14,384</u>

Murray and Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 7: Accumulated Surplus

	2019	2018
	\$	\$
Opening Balance	570,014	426,236
Surplus for the year	330,329	143,778
	900,343	570,014
Net transfers (to)/from reserves:		
Unspent funds reserve	-	76,220
Net transfers (to)/from accumulated surplus:	-	(76,220)
Net Transfers (to)/from reserves	<u>-</u>	<u>-</u>
Balance at year end	<u>900,343</u>	<u>570,014</u>

Note : reserves no longer used in relation to unspent funds as a result of change in accounting treatment.

Note 8: Reconciliation of cash flow from operations with surplus for year

	2019	2018
	\$	\$
Net surplus for the year	330,329	143,778
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	147,956	(136,978)
Increase/(decrease) in trade and other payables	(11,618)	2,067
Net cash provided from operating activities	<u>466,667</u>	<u>8,867</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 9: Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial instruments

	Note	2019		2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6	-	-	14,384	14,384
Total Financial liabilities		-	-	14,384	14,384
Financial Assets					
Cash and cash equivalents	4	902,360	902,360	435,692	435,692
Trade and other Receivables	5	-	-	140,408	140,408
Total Financial Assets		902,360	902,360	435,692	435,692

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments of a nature whose carrying value is equal to fair value.

i. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the association securing trade and other receivables.

ii. Liquidity Risk

Liquidity risk arises from the possibility that the association might have difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

No assets have been pledged as security for any liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

iii. **Market Risk**

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitivities to the association's exposure to changes in interest rates.

	2019		2018	
	% Weighted Average Interest rate	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	-	0%	14,384
Financial Assets				
Cash at bank	0%	136,180	0%	279,473
LGFA Investment	1.8%	766,080	1.8%	156,119
Cash on hand	0%	100	0%	100

Note 10: Contingent Liabilities and Contingent Assets

At 30 June 2019, the association is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 11: Capital Commitments

At 30 June 2019, the association is unaware of any capital or leasing commitments which have not already been recorded elsewhere in this financial report.

Note 12: Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 13: Economic Dependence

Murray and Mallee Local Government Association is dependent on the Local Councils within its jurisdiction and other funding bodies for the majority of its revenue used to operate the business. At the date of this report, the Committee believe that the Local Councils and other bodies will continue to fund the Association.

Note 14: Related Party Transactions

The total remuneration paid to key management personnel of Murray & Mallee Local Government Association Incorporated during the year was as follows:

	2019
	\$
Chief Executive Officer Contract Services	121,393

Key management personnel include the CEO and President.

Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 15: Capital Management

The Committee controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised within tolerable risk parameters. The Committee ensures that the overall risk management strategy is in line with this objective. The committee operates under policies approved by the board. Risk management policies are approved and reviewed by the board on a regular basis. The entity's capital consists of financial liabilities, supported by financial assets. There have been no changes to the strategy adopted by the Committee to control the capital of the entity since the previous year.

Note 16: Association details

The registered office of the association and principal place of business is;

Murray and Mallee Local Government Association
PO Box 236
Victor Harbor SA 5211

Murray and Mallee Local Government Association

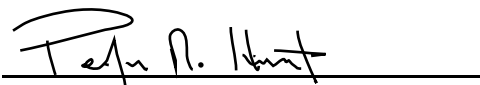
STATEMENT BY MEMBERS FOR THE YEAR ENDED 30 JUNE 2019

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

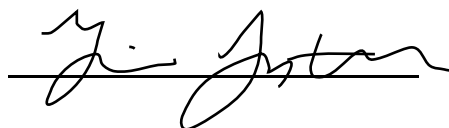
1. Presents a true and fair view of the financial position of Murray and Mallee Local Government Association as at 30 June 2019 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Murray and Mallee Local Government Association will be able to pay its debts as and when they fall due.

The Committee is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



Name: Mayor Peter Hunt
Position: President
Date: 11/10/19



Name: Tim Smythe
Position: Chief Executive
Date: 11/10/19