



2017/18 Annual Report

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*This Report provides an overview of the operations of the
District Council of Karoonda East Murray
for the period 1 July, 2017 to 30 June, 2018.*

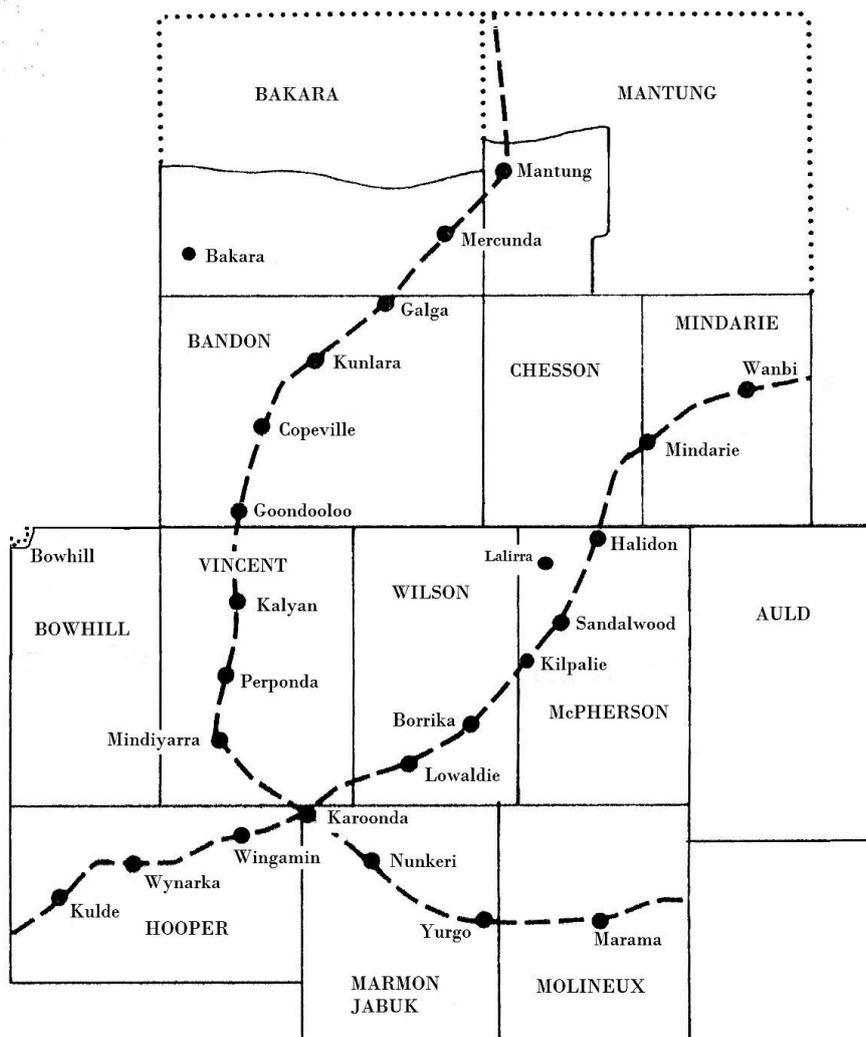


Council Profile

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.



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





Council Update

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.

Meetings of Council

Council meets on every second Tuesday of each month commencing at 1.00pm. Council changed the meeting times in late June to 6.30pm 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 the review to ascertain the support for a possible name change of the Council. Given the required public consultation the review process will be concluded in 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 2018.

| Council | Eligible Electors | Elected Members | Representation Quota |
|----------------------|-------------------|-----------------|----------------------|
| Cleve | 1,265 | 8 | 158 |
| Elliston | 722 | 8 | 90 |
| Flinders Ranges | 1,174 | 9 | 130 |
| Franklin Harbour | 911 | 6 | 151 |
| Karoonda East Murray | 771 | 7 | 110 |
| Kimba | 796 | 7 | 112 |
| Orroroo/ Carrieton | 708 | 7 | 101 |
| Peterborough | 1220 | 9 | 135 |
| Robe | 1,277 | 7 | 182 |
| Wudinna | 847 | 7 | 121 |

** Source – Provided by ECSA February 2018

Council Contributions 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 2017 Council meeting.

| Organisation | Purpose | Amount |
|----------------------------------|---|---------|
| Karoonda District Cricket Club | Storage shed | \$5,000 |
| Karoonda & District Bowling Club | Safety upgrade to switchboard | \$1,250 |
| Karoonda Football Club | Upgrade to conference facilities | \$1,150 |
| Wynarka Recreation Committee | Wynarka Playspace | \$5,000 |
| Karoonda Farm Fair | Karoonda Lifestyle Pavilion Guest Speake – Sophie Thomson | \$5,000 |

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.

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.

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 no requests received for the period 1 July 2017 to 30 June 2018 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.

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.



Elected Members



Mayor Kevin Burdett



Cr. Caroline Phillips (Deputy Mayor)



Cr. Darren (Fred) Zadow



Cr. Daryl Sparks



Cr. Morris Terrell



Cr. Yvonne Smith



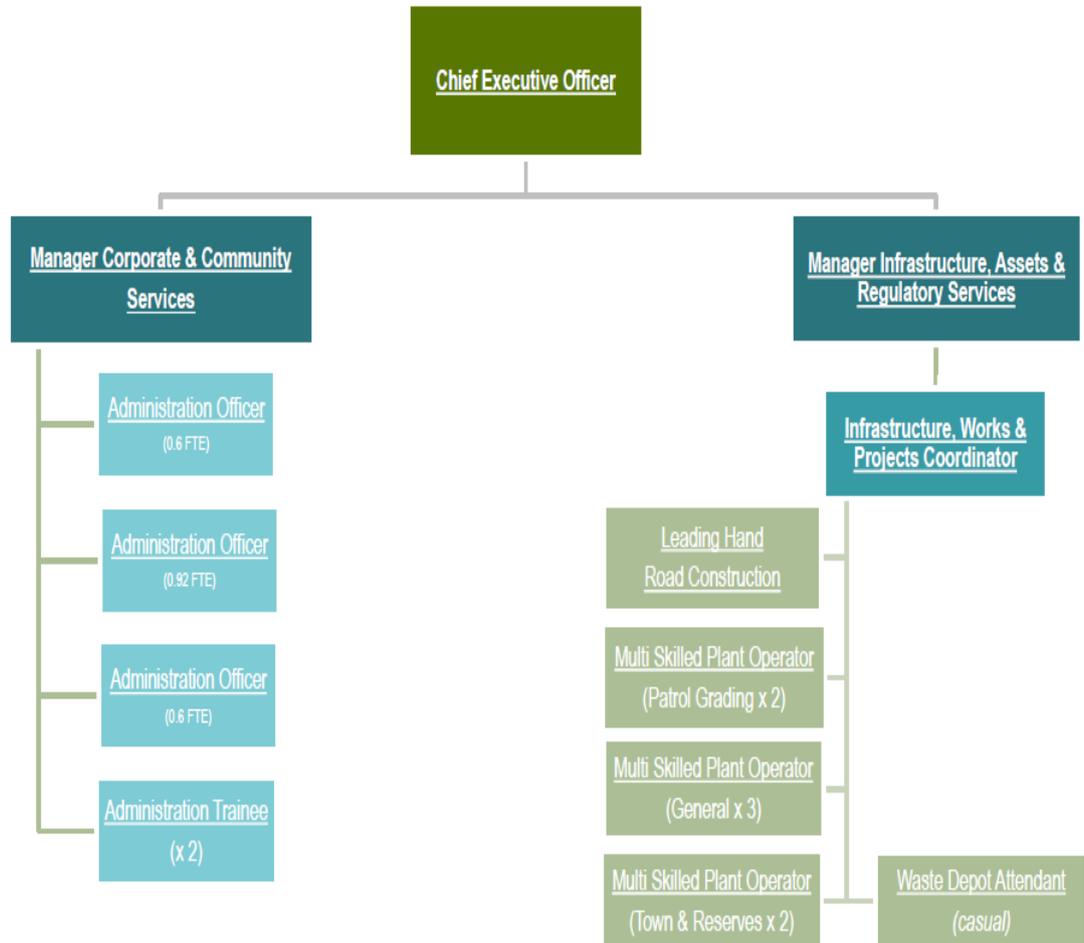
Cr John Wooldridge



Organisational Structure



District Council of Karoonda East Murray Organisational Chart



Community Services Report

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.

On 26 January 2018 there was the traditional Australia Day Breakfast hosted by the Sandalwood Recreation Association. 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 Professor John Halsey to provide an address and present the certificates.

The award winners for this year were:-

Young Citizen of the Year Award – Chris Rudiger

Citizen of the Year Award – Leanne Parker

Event of the Year Award – East Murray 50th Year Anniversary Celebrations



Corporate Services Report

Rate revenue raised for this financial year was \$1,406K with minimal movement in the overall capital valuations. The CWMS rate was raised from \$345 to \$395 for an occupied allotment and from \$320 per vacant allotment to \$370. The minimum rate was increased from \$210 to \$250.

Engineering & Works Report

The Works Program is Council's major area of expenditure.

Unsealed Roads Construction

A significant amount of construction work was carried out in 2017/2018:

Goondooloo Road – Work completed on 7.1km section.

Lee Road – Work completed on 4km section.

Pilchera Bore Road – Work completed on 12.9km section.

Hobby Road – Work completed on 1.35km section.

Rads Lane – Work completed on 1.6km section.

10 Year Plant Replacement Schedule

Council's 10 Year Plant Replacement Schedule continues to be reviewed on a regular basis. Items purchased in 2017/2018 included a replacement Toyota Hilux dual cab utility and Kubota mower.

Waste Management

Weekly collection general waste and monthly collections of recyclables are collected in conjunction with Southern Mallee Council, which contributed in the reduction of material to landfill.



Audit Committee Report

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 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 2017/2018 financial year.

Membership

Council has appointed Members to its Audit Committee as follows:

| Name | Position |
|---------------------|--------------------|
| Ms Tanya Wlochowicz | Independent Member |
| Cr Yvonne Smith | Presiding Member |
| Cr Morris Terrell | Council Member |
| Mayor Kevin Burdett | Ex-officio Member |

The following staff members have attended meetings as observers:

- Chief Executive Officer
- Manager Corporate Services





Meetings

The Audit Committee met four times during the year.

| Meeting Date | Attendance |
|-------------------|--|
| 7 July 2017 | All in attendance |
| 15 September 2017 | Mayor Burdett and Acting Mayor Phillips were an apology |
| 10 November 2017 | Cr Terrell was an apology |
| 20 March 2018 | Mayor Burdett was an apology (Acting Mayor Phillips attended the meeting) and Ms Wlochowicz was an apology |

Audit Committee Activities

The following table sets out the main activities addressed by the Audit Committee during 2017/2018.

| Activities | Outcome |
|---|---|
| Financial Reporting | Budget Review 1 Budget Review 2 Budget Review 3 Financial Policy Reviews 2016/2017 Annual Financial Statements 2017/2018 Annual Business Plan & Budget |
| Internal Controls and Risk Management Systems | Internal controls and risk management systems |
| External Audit | 2016/2017 Audited Annual Financial Statements Meeting with External Auditor (Telephone hook-up) |
| Audit Committee Performance | Audit Committee Work Program |

Elected Members



Back Row: Councillor Darren Zadow, Councillor Caroline Phillips, Councillor Daryl Sparks, Councillor Yvonne Smith.

Front Row: Councillor W John Wooldridge, Mayor Kevin Burdett, Councillor Morris Terrell.

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. A meeting was held at the East Murray Community Centre in November 2017.

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.

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
- By-laws Committee
- Engineering & Works Committee
- Karoonda & District Historical Society
- Wynarka & District Recreation Committee

Management & Staffing

The total number of employees employed by the District Council of Karoonda East Murray as at 30/06/2018 is 14, consisting of 8 full time and casual employees in the area of works of Council and 6 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.

Budget & Financial Reports

The Council Auditor for the 2017/2018 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 gst inclusive. 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).

| | |
|------------------------------|-----------------------|
| Mayor | \$23,589.85 per annum |
| Deputy Mayor/Committee Chair | \$7,372.15 per annum |
| Elected Members | \$5,898.00 per annum |

Allowances are paid to members quarterly in arrears.



Training & Development for Members of Council

During 2017/2018 the following courses/activities were provided to members of Council:

- Roads & Works Conference
- LGA Conferences

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.

Senior Executive Officer – Allowances as part of Salary Package

| | |
|----------------------------|---|
| Chief Executive Officer | Private use of vehicle in lieu of overtime. Telephone provided. Subsidised house rent. |
| Works Manager | Vehicle provided for commuter use. Telephone provided. Subsidised house rent. |
| Manager Corporate Services | Subsidised house rent. |

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.

Structure and Functions of the Council

Full Council

Full Council, consisting of six councillors and the Mayor, is the decision making body on all policy matters. Ordinary meetings of the full Council are held on the second Tuesday of every month at 1.00pm, Council in late June changed the meeting time to 6.30pm.

Agendas and Minutes

Agendas of all full 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.

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.





Services to the Community

Full Council makes decisions on policy issues relating to services that are provided for members of the public. This 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 | |

Public Participation

Council Meetings

Members of the public have a number of opportunities to put forward their views on particular issues before Council. These are:

- a) 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.
- b) 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.
- c) Petitions - Written petitions can be addressed to the Council on any issue within the Council's jurisdiction.
- d) Written Requests - A member of the public can write to the Council on any Council Policy, activity or service.
- e) Elected Members – Members of the public can contact their Elected Members of Council to discuss any issue relevant to Council.

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.



When an application is publicly notified, residents have the opportunity both to write to Council expressing their view of the application and to subsequently personally address the Council before a decision is made.

Access to Council Documents

Documents Available for Inspection

Council documents are available for public inspection at the Council Offices free of charge. Members of the public may purchase copies of these documents.

Other Information Requests

Requests for other information will be considered in accordance with the Freedom of Information provision of the Local Government Act. Under this legislation, an application fee and a search fee must be forwarded with the completed request form as provided for in Regulation 275 of 1992, unless the applicant is granted an exemption.

Should the applicant require copies of any documents inspected pursuant to a Freedom of Information request, the charges set out in Councils fees and charges schedule will apply.

Freedom of Information Request Forms should be addressed to:

Chief Executive Officer
District Council of Karoonda East Murray
PO Box 58
KAROONDA SA 5307

Forms are available at the Council Offices. Applications will be responded to as soon as possible within the statutory 45 days of Council receiving the properly completed Freedom of Information Request for, together with the application and search fees.

Amendment of Council Records

A member of the public may gain access to Council documents to make amendments concerning their personal affairs by making a request under the Local Government Act. A member of the public may then request a correction to any information about themselves that is incomplete, incorrect, misleading or out of date.

To gain access to these records, a member of the public must obtain a Freedom of Information Request Form as indicated above outlining the records that he/she wishes to inspect.

District Council of Karoonda East Murray

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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 Statements for the year ended 30 June 2018

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District Council of Karoonda East Murray

General Purpose Financial Statements

for the year ended 30 June 2018

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 2018 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: 27 November 2018

District Council of Karoonda East Murray

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income & expenses.

2. A Balance Sheet

A 30 June snapshot of Council's financial position including its assets & liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

District Council of Karoonda East Murray

Statement of Comprehensive Income

for the year ended 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| Income | | | |
| Rates Revenues | 2a | 1,406 | 1,339 |
| Statutory Charges | 2b | 28 | 25 |
| User Charges | 2c | 108 | 94 |
| Grants, Subsidies and Contributions | 2g | 1,418 | 3,156 |
| Investment Income | 2d | 25 | 14 |
| Reimbursements | 2e | 2 | 5 |
| Other Income | 2f | 75 | 117 |
| Total Income | | 3,062 | 4,750 |
| Expenses | | | |
| Employee Costs | 3a | 927 | 846 |
| Materials, Contracts & Other Expenses | 3b | 1,154 | 1,319 |
| Depreciation, Amortisation & Impairment | 3c | 1,904 | 1,856 |
| Total Expenses | | 3,985 | 4,021 |
| Operating Surplus / (Deficit) | | (923) | 729 |
| Asset Disposal & Fair Value Adjustments | 4 | (1) | 83 |
| Net Surplus / (Deficit) ¹ | | (924) | 812 |
| Other Comprehensive Income | | | |
| <i>Amounts which will not be reclassified subsequently to operating result</i> | | | |
| Changes in Revaluation Surplus - I,PP&E | 9a | - | 4,230 |
| Total Other Comprehensive Income | | - | 4,230 |
| Total Comprehensive Income | | (924) | 5,042 |

¹ Transferred to Statement of Changes in Equity

District Council of Karoonda East Murray

Statement of Financial Position

as at 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 5a | 2,111 | 1,805 |
| Trade & Other Receivables | 5b | 273 | 201 |
| Inventories | 5d | 30 | 38 |
| Total Current Assets | | 2,414 | 2,044 |
| Non-Current Assets | | | |
| Infrastructure, Property, Plant & Equipment | 7a | 38,183 | 38,597 |
| Other Non-Current Assets | 6c | 480 | 618 |
| Total Non-Current Assets | | 38,663 | 39,215 |
| TOTAL ASSETS | | 41,077 | 41,259 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & Other Payables | 8a | 1,397 | 488 |
| Provisions | 8c | 123 | 279 |
| Total Current Liabilities | | 1,520 | 767 |
| Non-Current Liabilities | | | |
| Provisions | 8c | 23 | 35 |
| Total Non-Current Liabilities | | 23 | 35 |
| TOTAL LIABILITIES | | 1,543 | 802 |
| Net Assets | | 39,534 | 40,457 |
| EQUITY | | | |
| Accumulated Surplus | | 14,701 | 15,625 |
| Asset Revaluation Reserves | 9a | 24,833 | 24,832 |
| Total Council Equity | | 39,534 | 40,457 |

District Council of Karoonda East Murray

Statement of Changes in Equity

for the year ended 30 June 2018

| \$ '000 | Notes | Accumulated Surplus | Asset Revaluation Reserve | Total Equity |
|--|-------|------------------------|---------------------------------|-----------------|
| 2018 | | | | |
| Balance at the end of previous reporting period | | 15,625 | 24,832 | 40,457 |
| a. Adjustments (Correction of Prior Period Errors) | 24a | - | 1 | 1 |
| Restated Opening Balance | | 15,625 | 24,833 | 40,458 |
| a. Net Surplus / (Deficit) for Year | | (924) | - | (924) |
| Total Comprehensive Income | | (924) | - | (924) |
| Balance at the end of period | | 14,701 | 24,833 | 39,534 |
| 2017 | | | | |
| Balance at the end of previous reporting period | | 14,855 | 20,602 | 35,457 |
| a. Adjustments (Correction of Prior Period Errors) | 24a | (42) | | (42) |
| Restated Opening Balance | | 14,813 | 20,602 | 35,415 |
| a. Net Surplus / (Deficit) for Year | | 812 | - | 812 |
| b. Other Comprehensive Income | | | | |
| - Gain (Loss) on Revaluation of I,PP&E | 7a | - | 4,230 | 4,230 |
| Other Comprehensive Income | | - | 4,230 | 4,230 |
| Total Comprehensive Income | | 812 | 4,230 | 5,042 |
| Balance at the end of period | | 15,625 | 24,832 | 40,457 |

District Council of Karoonda East Murray

Statement of Cash Flows

for the year ended 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|----------------|----------------|
| Cash Flows from Operating Activities | | | |
| <u>Receipts</u> | | | |
| Operating Receipts | | 3,976 | 4,976 |
| Investment Receipts | | 25 | 14 |
| <u>Payments</u> | | | |
| Operating Payments to Suppliers and Employees | | (2,340) | (2,459) |
| Net Cash provided by (or used in) Operating Activities | 11b | 1,661 | 2,531 |
| Cash Flows from Investing Activities | | | |
| <u>Receipts</u> | | | |
| Sale of Replaced Assets | | 22 | 195 |
| Sale of Surplus Assets | | 8 | 25 |
| Sale of Real Estate Developments | | - | 18 |
| Repayments of Loans by Community Groups | | - | 4 |
| <u>Payments</u> | | | |
| Expenditure on Renewal/Replacement of Assets | | (1,309) | (1,780) |
| Expenditure on New/Upgraded Assets | | (74) | - |
| Net Cash provided by (or used in) Investing Activities | | (1,353) | (1,538) |
| Cash Flows from Financing Activities | | | |
| <u>Payments</u> | | | |
| Repayment of Aged Care Facility Deposits | | (2) | (4) |
| Net Cash provided by (or used in) Financing Activities | | (2) | (4) |
| Net Increase (Decrease) in Cash Held | | 306 | 989 |
| plus: Cash & Cash Equivalents at beginning of period | 11 | 1,805 | 816 |
| Total Cash, Cash Equivalents & Investments | | 2,111 | 1,805 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Contents of the Notes accompanying the Financial Statements

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n/a - not applicable

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements 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 on a going concern basis using the historical cost convention 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* dated 01/05/2011.

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 these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

The District Council of Karoonda East Murray is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 11 Railway Terrace, Karoonda SA 5307. 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms 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 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.

6.2 Materiality

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

| | |
|---|----------|
| Office Furniture & Equipment | \$1,000 |
| Other Plant & Equipment | \$1,000 |
| 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 |

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 listed below. 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.

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 80 years |
| Unsealed Roads | 10 to 35 years |
| Bridges – Concrete | 80 to 100 years |
| Paving & Footpaths, Kerb & Gutter | 30 to 120 years |
| Drains | 60 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 |

6.5 Impairment

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

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

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

6.6 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.

In this financial year it is not applicable.

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.

7.2 Payments Received in Advance & Deposits

Amounts other than grants 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 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) 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 oncosts) 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.

8.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide 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.

9 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.

10 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The District Council of Karoonda East Murray has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases
Council has no leases that are not in the Statement of Financial Position.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

11 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

12 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| (a). Rates Revenues | | | |
| General Rates | | | |
| General Rates | | 1,258 | 1,200 |
| Less: Mandatory Rebates | | (14) | (2) |
| Less: Discretionary Rebates, Remissions & Write Offs | | (11) | (20) |
| Total General Rates | | 1,233 | 1,178 |
| Other Rates (Including Service Charges) | | | |
| Natural Resource Management Levy | | 66 | 67 |
| Community Wastewater Management Systems | | 94 | 82 |
| Total Other Rates | | 160 | 149 |
| Other Charges | | | |
| Penalties for Late Payment | | 13 | 12 |
| Total Other Charges | | 13 | 12 |
| Total Rates Revenues | | 1,406 | 1,339 |
| (b). Statutory Charges | | | |
| Development Act Fees | | 9 | 8 |
| Town Planning Fees | | 6 | 5 |
| Health & Septic Tank Inspection Fees | | 1 | 3 |
| Animal Registration Fees & Fines | | 8 | 7 |
| Search fees | | 4 | 2 |
| Total Statutory Charges | | 28 | 25 |
| (c). User Charges | | | |
| Cemetery/Crematoria Fees | | 4 | 6 |
| Property Lease | | 69 | 56 |
| Sales - General | | 6 | 3 |
| Cabin Hire | | 26 | 29 |
| Total User Charges | | 108 | 94 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| (d). Investment Income | | | |
| Interest on Investments | | | |
| - Local Government Finance Authority | | 25 | 14 |
| Total Investment Income | | 25 | 14 |
| (e). Reimbursements | | | |
| Private Works | | 2 | 5 |
| Total Reimbursements | | 2 | 5 |
| (f). Other Income | | | |
| Insurance & Other Recoupments - Infrastructure, IPP&E | | 27 | 52 |
| Rebates Received | | 40 | 50 |
| Sundry | | 8 | 10 |
| Other | | - | 5 |
| Total Other Income | | 75 | 117 |
| (g). Grants, Subsidies, Contributions | | | |
| Other Grants, Subsidies and Contributions | | 29 | 34 |
| Untied - Financial Assistance Grant | | 903 | 1,532 |
| Roads to Recovery | | 485 | 801 |
| Sundry | | 1 | - |
| Individually Significant Item - Additional Grants Commission Payment (refer below) | | - | 789 |
| Total Grants, Subsidies, Contributions | | 1,418 | 3,156 |
| The functions to which these grants relate are shown in Note 12. | | | |
| (i) Sources of grants | | | |
| Commonwealth Government | | 525 | 801 |
| State Government | | 933 | 2,321 |
| Other | | (40) | 34 |
| Total | | 1,418 | 3,156 |
| (ii) Individually Significant Items | | | |
| Grant Commission (FAG) Grant Recognised as Income | | - | 789 |

2017: In the month of June 2017, the Federal Government through the State Grants Commission, paid the amount \$788,784 of untied financial assistance grants, which has been recognised on receipt, in advance of the year of allocation. In June 2018, a similar advance payment was received in advance. This has been recognised in the Statement of Financial Position as a Payment Received in Advance. Due to the altered accounting treatment, the comparative figures for 2017 have been amended for consistency

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|------------|------|
| (h). Conditions over Grants & Contributions | | | |
| Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows: | | | |
| Unexpended at the close of the previous reporting period | | - | - |
| <i>Less:</i> | | | |
| <i>Expended during the current period from revenues recognised in previous reporting periods</i> | | | |
| Subtotal | | - | - |
| <i>Plus:</i> | | | |
| <i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i> | | | |
| Roads To Recovery - Federal | | 141 | - |
| Subtotal | | 141 | - |
| Unexpended at the close of this reporting period | | 141 | - |
| Net increase (decrease) in assets subject to conditions in the current reporting period | | 141 | - |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|--------------|--------------|
| (a). Employee Costs | | | |
| Salaries and Wages | | 965 | 705 |
| Employee Leave Expense | | 91 | 130 |
| Superannuation - Defined Contribution Plan Contributions | 18 | 55 | 81 |
| Superannuation - Defined Benefit Plan Contributions | 18 | 27 | 25 |
| Workers' Compensation Insurance | | 28 | 50 |
| Less: Capitalised and Distributed Costs | | (239) | (145) |
| Total Operating Employee Costs | | 927 | 846 |
| Total Number of Employees (full time equivalent at end of reporting period) | | 12 | 14 |
| (b). Materials, Contracts and Other Expenses | | | |
| (i) Prescribed Expenses | | | |
| Auditor's Remuneration | | | |
| - Auditing the Financial Reports | | 4 | 4 |
| Elected Members' Expenses | | 77 | 73 |
| Subtotal - Prescribed Expenses | | 81 | 77 |
| (ii) Other Materials, Contracts and Expenses | | | |
| Contractors | | 1,219 | 509 |
| Energy | | 34 | 29 |
| Legal Expenses | | 8 | 5 |
| Levies Paid to Government - NRM levy | | 64 | 67 |
| Levies - Other | | 22 | 19 |
| Parts, Accessories & Consumables | | 624 | 457 |
| Sundry | | 49 | 108 |
| Water | | 45 | 48 |
| Less: Capitalised and Distributed Costs | | (992) | - |
| Subtotal - Other Material, Contracts & Expenses | | 1,073 | 1,242 |
| Total Materials, Contracts and Other Expenses | | 1,154 | 1,319 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| (c). Depreciation, Amortisation and Impairment | | | |
| (i) Depreciation and Amortisation | | | |
| Buildings & Other Structures | | 25 | 27 |
| Infrastructure | | | |
| - Stormwater Drainage | | 16 | 16 |
| - CWMS | | 54 | 54 |
| - Roads | | 1,244 | 1,199 |
| - Footpaths, Kerb & Gutter | | 29 | 29 |
| - Roads Furniture | | 13 | 13 |
| Plant & Equipment | | 346 | 339 |
| Furniture & Fittings | | 11 | 10 |
| Buildings - Buildings & Components | | 138 | 141 |
| Other Assets | | 28 | 28 |
| Total Depreciation, Amortisation and Impairment | | 1,904 | 1,856 |

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

| | | | |
|--------------------------------------|--|----------|-----------|
| Proceeds from Disposal | | 22 | 195 |
| Less: Carrying Amount of Assets Sold | | (18) | (118) |
| Gain (Loss) on Disposal | | 4 | 77 |

(ii) Assets Surplus to Requirements

| | | | |
|--------------------------------------|--|------------|----------|
| Proceeds from Disposal | | 8 | 25 |
| Less: Carrying Amount of Assets Sold | | (13) | (16) |
| Gain (Loss) on Disposal | | (5) | 9 |

Real Estate Development Assets

| | | | |
|--------------------------------------|--|----------|------------|
| Proceeds from Disposal | | - | 18 |
| Less: Carrying Amount of Assets Sold | | - | (21) |
| Gain (Loss) on Disposal | | - | (3) |

| | | | |
|---|--|------------|-----------|
| Net Gain (Loss) on Disposal or Revaluation of Assets | | (1) | 83 |
|---|--|------------|-----------|

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 5. Current Assets

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| (a). Cash & Cash Equivalents | | | |
| Cash on Hand at Bank | | 25 | 131 |
| Deposits at Call | | 2,086 | 1,674 |
| Total Cash & Cash Equivalents | | 2,111 | 1,805 |
| (b). Trade & Other Receivables | | | |
| Rates - General & Other | | 204 | 160 |
| Accrued Revenues | | 7 | 5 |
| Debtors - General | | 18 | 14 |
| GST Recoupment | | 44 | 22 |
| Total Trade & Other Receivables | | 273 | 201 |
| (c). Inventories | | | |
| Stores & Materials | | 30 | 38 |
| Total Inventories | | 30 | 38 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 6. Non-Current Assets

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|------------|------------|
| Other Non-Current Assets | | | |
| (i) Inventories | | | |
| Real Estate Developments | | 346 | 346 |
| Total Inventories | | 346 | 346 |
| (ii) Other | | | |
| Capital Works-in-Progress | | 134 | 272 |
| Total Other | | 134 | 272 |
| Total Other Non-Current Assets | | 480 | 618 |
| Other disclosures | | | |
| Real Estate Developments - Current & Non-Current | | | |
| (Valued at the lower of cost and net realisable value) | | | |
| Residential | | 346 | 346 |
| Total Real Estate for Resale | | 346 | 346 |
| Represented by: | | | |
| Acquisition Costs | | 346 | 346 |
| Total Real Estate of Resale | | 346 | 346 |
| (ii) Apportionment of Real Estate Developments | | | |
| Current Assets | | - | - |
| Non-Current Assets | | 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 2018

Note 7a. Infrastructure, Property, Plant & Equipment

| \$ '000 | Fair Value Level | as at 30/6/2017 | | | | Asset Movements during the Reporting Period | | | | | | as at 30/6/2018 | | | |
|--|------------------|-----------------|--------------|-------------------|----------------|---|--------------|------------------------|--------------------------------|---|---|-----------------|--------------|-------------------|----------------|
| | | At Fair Value | At Cost | Accumulated Dep'n | Carrying Value | Asset Additions | | WDV of Asset Disposals | Depreciation Expense (Note 3c) | Revaluation Decrements to Equity (ARR) (Note 9) | Revaluation Increments to Equity (ARR) (Note 9) | At Fair Value | At Cost | Accumulated Dep'n | Carrying Value |
| | | | | | | New / Upgrade | Renewals | | | | | | | | |
| Land - Other | 3 | 1,254 | - | - | 1,254 | - | - | - | - | - | - | 1,254 | - | - | 1,254 |
| Buildings & Other Structures | 3 | 393 | 73 | 360 | 106 | - | - | - | (25) | - | - | 393 | 73 | 385 | 81 |
| - Stormwater Drainage | 3 | 612 | 106 | 70 | 648 | - | - | - | (16) | - | - | 612 | 106 | 85 | 633 |
| - CWMS | 3 | 3,963 | - | 1,165 | 2,798 | - | - | - | (54) | - | - | 3,963 | - | 1,218 | 2,745 |
| - Roads | 3 | 61,040 | 1,119 | 32,592 | 29,567 | - | 1,370 | - | (1,244) | - | - | 61,040 | 2,490 | 33,836 | 29,694 |
| - Footpaths, Kerb & Gutter | 3 | 1,747 | - | 535 | 1,212 | - | - | - | (29) | - | - | 1,747 | - | 564 | 1,183 |
| - Roads Furniture | | 126 | - | 63 | 63 | - | - | - | (13) | - | - | 126 | - | 76 | 50 |
| Plant & Equipment | | 189 | 2,691 | 961 | 1,919 | - | 67 | (31) | (346) | - | - | 189 | 2,700 | 1,280 | 1,609 |
| Furniture & Fittings | | 60 | 54 | 67 | 47 | 23 | 8 | - | (11) | - | - | 60 | 85 | 78 | 67 |
| Buildings - Buildings & Components | 2 | 3,517 | 177 | 3,069 | 625 | 51 | - | - | (138) | - | - | 3,517 | 228 | 3,207 | 538 |
| Other Assets | | 379 | 174 | 195 | 358 | - | - | - | (28) | - | - | 379 | 174 | 224 | 329 |
| Total Infrastructure, Property, Plant & Equipment | | 73,280 | 4,394 | 39,077 | 38,597 | 74 | 1,445 | (31) | (1,904) | - | - | 73,280 | 5,856 | 40,953 | 38,183 |
| Comparatives | | 43,928 | 9,729 | 19,108 | 34,549 | 73 | 1,735 | (134) | (1,856) | (307) | 4,537 | 73,280 | 4,394 | 39,077 | 38,597 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$ '000

Valuation of Assets

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

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

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

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

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on 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.

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.

There is no known market for buildings, infrastructure and other assets. These assets 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 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- Date of valuation: 30 June 2014.
- Valuer: Maloney Field Services.

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.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2014 at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- Date of valuation: 30 June 2014.
- Valuer: Maloney Field Services.

Buildings and other structures were revalued as at 30 June 2014 by Maloney Field Services.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Infrastructure

Transportation assets including roads, footpaths, kerbs and gutters were valued by Council's independent valuer at written down current replacement cost for the period 1 July 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure were 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 infrastructure (CWMS) were valued by Council's independent valuer at written down current replacement cost for the period 1 July 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Roads, Kerb and Gutter, Footpaths

- Basis of valuation: Written down current replacement cost.
- Date of valuation: 1 July 2016.
- Valuer: Rick Gaylor, Gaylor Professional Services

Stormwater Drainage

- Basis of valuation: Depreciated current replacement cost.
- Date of valuation: 30 June 2012.
- Valuer: Council valuation.

Plant & Equipment

- Basis of valuation: Written down current replacement cost.
- Date of valuation: 30 June 2012.
- Valuer: Council valuation.

Plant furniture and equipment were valued by Council officers at written down current replacement cost during the reporting period ending 30 June 2012 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Furniture & Fittings

- Basis of valuation: Written down current replacement cost.
- Date of valuation: 30 June 2012.
- Valuer: Council valuation.

All other Assets

- Basis of valuation: Written down current replacement cost.
- Date of valuation: 30 June 2009.
- Valuer: Council valuation.

Other assets were valued by Council officers at written down current replacement value during the reporting period ending 30 June 2009 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuations are recorded at cost.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 8. Liabilities

| \$ '000 | Notes | 2018 Current | 2018 Non Current | 2017 Current | 2017 Non Current |
|--|-------|-----------------|---------------------|-----------------|---------------------|
| (a). Trade and Other Payables | | | | | |
| Goods & Services | | 132 | - | 31 | - |
| Payments Received in Advance | | 812 | - | - | - |
| Accrued Expenses - Employee Entitlements | | 27 | - | 24 | - |
| Accrued Expenses - Other | | 32 | - | 37 | - |
| Aged Care Facility Deposits | | 394 | - | 396 | - |
| Total Trade and Other Payables | | 1,397 | - | 488 | - |

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

| | | |
|----------------------|-----|-----|
| Aged Care Facilities | 394 | 396 |
|----------------------|-----|-----|

(b). Provisions

| | | | | |
|---|------------|-----------|------------|-----------|
| Employee Entitlements (including oncosts) | 123 | 23 | 279 | 35 |
| Total Provisions | 123 | 23 | 279 | 35 |

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

| | | |
|-----------------------|----|-----|
| Employee entitlements | 34 | 160 |
|-----------------------|----|-----|

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves

| \$ '000 | 1/7/2017 | Increments (Decrements) | Transfers | Impairments | 30/6/2018 |
|--|---------------|----------------------------|-----------|-------------|---------------|
| Asset Revaluation Reserve | | | | | |
| Land - Other | 726 | - | - | - | 726 |
| Infrastructure | | | | | |
| - Stormwater Drainage | 301 | - | - | - | 301 |
| - CWMS | 2,284 | - | - | - | 2,284 |
| - Roads | 19,193 | - | - | - | 19,193 |
| - Footpaths, Kerb & Gutter | 1,124 | - | - | - | 1,124 |
| - Roads Furniture | 62 | - | - | - | 62 |
| Plant & Equipment | 726 | - | - | - | 726 |
| Furniture & Fittings | 30 | - | - | - | 30 |
| Buildings - Buildings & Components | 132 | - | - | - | 132 |
| Other Assets | 255 | - | - | - | 255 |
| Total Asset Revaluation Reserve | 24,833 | - | - | - | 24,833 |
| Comparatives | 20,602 | 4,230 | - | - | 24,832 |

PURPOSES OF RESERVES

Asset Revaluation Reserves

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).

Note 10. Assets Subject to Restrictions

| \$ '000 | Notes | 2018 | 2017 |
|---------|-------|------|------|
|---------|-------|------|------|

Council does not hold any assets subject to restrictions

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 11. Reconciliation to Statement of Cash Flows

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|--------------|--------------|
| (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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows: | | | |
| Total Cash & Equivalent Assets | 5 | 2,111 | 1,805 |
| Balances per Statement of Cash Flows | | 2,111 | 1,805 |
| (b). Reconciliation of Change in Net Assets to Cash from Operating Activities | | | |
| Net Surplus/(Deficit) | | (924) | 812 |
| Non-Cash Items in Income Statements | | | |
| Depreciation, Amortisation & Impairment | | 1,904 | 1,856 |
| Net (Gain) Loss on Disposals | | 1 | (83) |
| | | 982 | 2,585 |
| Add (Less): Changes in Net Current Assets | | | |
| Net (Increase)/Decrease in Receivables | | (72) | 2 |
| Net (Increase)/Decrease in Inventories | | 8 | (2) |
| Net Increase/(Decrease) in Trade & Other Payables | | 911 | (62) |
| Net Increase/(Decrease) in Unpaid Employee Benefits | | (168) | 8 |
| Net Cash provided by (or used in) operations | | 1,661 | 2,531 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 12a. Functions

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b). | | | | | | | | | |
|-----------------------------------|---|--------------|--------------|--------------|-----------------------------|-------------|---------------------------|--------------|---|---------------|
| | INCOME | | EXPENSES | | OPERATING SURPLUS (DEFICIT) | | GRANTS INCLUDED IN INCOME | | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) | |
| | Actual 2018 | Actual 2017 | Actual 2018 | Actual 2017 | Actual 2018 | Actual 2017 | Actual 2018 | Actual 2017 | Actual 2018 | Actual 2017 |
| \$ '000 | | | | | | | | | | |
| Council Administration | 1,874 | 3,114 | 910 | 542 | 964 | 2,572 | 593 | 1,839 | 4,217 | 3,963 |
| Business & Economic Development | 129 | 111 | 221 | 212 | (92) | (101) | - | - | 2,744 | 2,798 |
| Community Support/Amenities | 43 | 44 | 176 | 207 | (133) | (163) | - | - | 619 | 731 |
| Environment | 71 | 72 | 259 | 278 | (188) | (206) | - | - | - | - |
| Health | 1 | 3 | 5 | 3 | (4) | - | - | 10 | - | - |
| Public Order & Safety | 1 | 1 | 8 | 10 | (7) | (9) | - | - | - | - |
| Recreation & Culture | 32 | 33 | 301 | 306 | (269) | (273) | 1 | 10 | 330 | 358 |
| Regulatory Services | 23 | 20 | 62 | 42 | (39) | (22) | - | - | - | - |
| Transport | 865 | 1,352 | 1,805 | 1,927 | (940) | (575) | 824 | 1,297 | 31,558 | 31,490 |
| Plant Depot & Other Purposes | 23 | - | 238 | 494 | (215) | (494) | - | - | 1,609 | 1,919 |
| Total Functions/Activities | 3,062 | 4,750 | 3,985 | 4,021 | (923) | 729 | 1,418 | 3,156 | 41,077 | 41,259 |

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Community Waste Water Management Scheme, Business Development and Contribution to the Regional Development Board and Tourism Services.

COMMUNITY SUPPORT/ AMENITIES

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

CULTURE

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

BUSINESS AND ECONOMIC DEVELOPMENT

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

ENVIRONMENT

Waste Management, Domestic Waste Collection, Stormwater, Recycling, Waste Disposal Facility, Street Lighting, Roadside Vegetation, Land Care, Agricultural Services, Natural Resource Management Levy.

RECREATION AND CULTURE

Maintenance of Various Parks and Gardens, Ovals and Playgrounds and Street Scaping, Contribution and Support to two School Libraries, 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, Parking Control, and Other Regulatory Services.

TRANSPORT AND COMMUNICATION

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

PLANT HIRE & DEPOT

UNCLASSIFIED ACTIVITIES

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

COUNCIL ADMINISTRATION

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, 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.

PUBLIC ORDER AND SAFETY

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

HEALTH

Food Control, Sanitary and Immunisations Services Support.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rate of 1.5% (2017: 1.5% and 1.75%). Short term deposits are held at call.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

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.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 2% (2017: 2%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

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.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

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.

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

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.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

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.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

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.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

| \$ '000 | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|-------------------------------------|-----------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2018 | | | | | |
| <u>Financial Assets</u> | | | | | |
| Cash & Equivalents | 2,111 | - | - | 2,111 | 2,111 |
| Receivables | 25 | - | - | 25 | 25 |
| Total Financial Assets | 2,136 | - | - | 2,136 | 2,136 |
| <u>Financial Liabilities</u> | | | | | |
| Payables | 191 | 394 | - | 585 | 585 |
| Total Financial Liabilities | 191 | 394 | - | 585 | 585 |

| \$ '000 | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|-------------------------------------|-----------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2017 | | | | | |
| <u>Financial Assets</u> | | | | | |
| Cash & Equivalents | 1,805 | - | - | 1,805 | 1,805 |
| Receivables | 19 | - | - | 19 | 19 |
| Total Financial Assets | 1,824 | - | - | 1,824 | 1,824 |
| <u>Financial Liabilities</u> | | | | | |
| Payables | 92 | 396 | - | 488 | 488 |
| Total Financial Liabilities | 92 | 396 | - | 488 | 488 |

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 2018

Note 14. Commitments for Expenditure

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|--------------|--------------|
| Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Audit Services | | 16 | 20 |
| Employee Remuneration Contracts | | 830 | 713 |
| Waste Management Contracts | | 145 | 242 |
| Cleaning Contracts | | 35 | 77 |
| | | 1,026 | 1,052 |
| These expenditures are payable: | | | |
| Not later than one year | | 391 | 443 |
| Later than one year and not later than 5 years | | 635 | 609 |
| | | 1,026 | 1,052 |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 15. Financial Indicators

| \$ '000 | Amounts 2018 | Indicator 2018 | Prior Periods 2017 | 2016 |
|---------|-----------------|-------------------|-----------------------|------|
|---------|-----------------|-------------------|-----------------------|------|

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

| | | | | |
|------------------------|-------|-------|-----|----|
| Operating Surplus | (923) | | | |
| Total Operating Income | 3,062 | (30%) | 15% | 0% |

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

2. Net Financial Liabilities Ratio

| | | | | |
|---------------------------|-------|-------|-------|------|
| Net Financial Liabilities | (841) | | | |
| Total Operating Income | 3,062 | (27%) | (25%) | (5%) |

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

| | | | |
|---|-------|------|----|
| Adjusted Operating Surplus Ratio | (30%) | (1%) | 0% |
|---|-------|------|----|

| | | | |
|---|--|--|------|
| Adjusted Net Financial Liabilities Ratio | | | (5%) |
|---|--|--|------|

3. Asset Sustainability Ratio

| | | | | |
|---|-------|-----|-----|------|
| Net Asset Renewals | 1,287 | | | |
| Infrastructure & Asset Management Plan required expenditure | 1,904 | 68% | 85% | 130% |

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

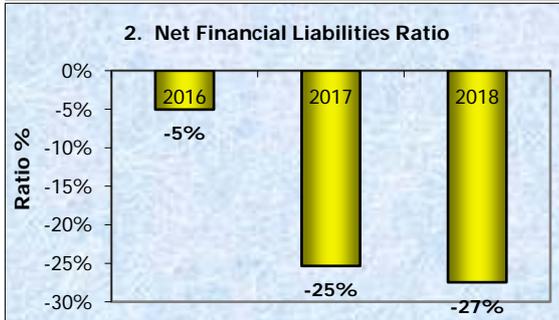
Note 15. Financial Indicators - Graphs (continued)



Purpose of Operating Surplus Ratio

This indicator is to determine the percentage the operating revenue varies from operating expenditure

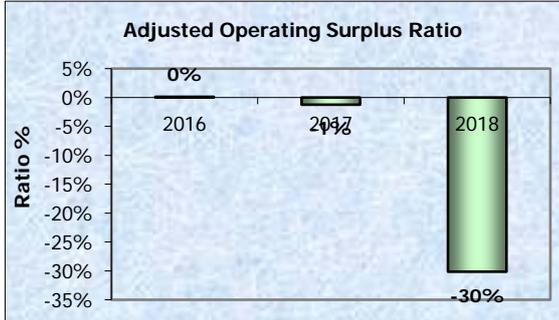
| | |
|----------------------|-------------|
| 2017/18 Ratio | -30% |
|----------------------|-------------|



Purpose of Net Financial Liabilities Ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

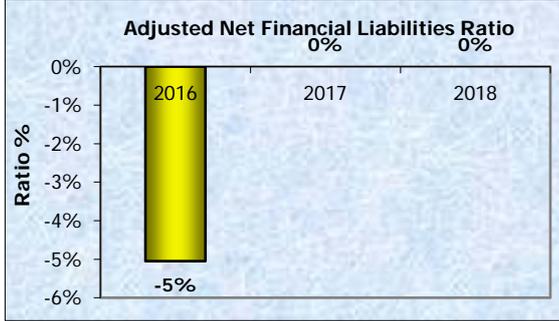
| | |
|----------------------|-------------|
| 2017/18 Ratio | -27% |
|----------------------|-------------|



Purpose of Adjusted Operating Surplus Ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

| | |
|----------------------|-------------|
| 2017/18 Ratio | -30% |
|----------------------|-------------|



Purpose of Adjusted Net Financial Liabilities Ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

| | |
|----------------------|-----------|
| 2017/18 Ratio | 0% |
|----------------------|-----------|



Purpose of Asset Sustainability Ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

| | |
|----------------------|------------|
| 2017/18 Ratio | 68% |
|----------------------|------------|

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 16. Uniform Presentation of Finances

| \$ '000 | 2018 | 2017 |
|--|--------------|--------------|
| <p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p> | | |
| Income | 3,062 | 4,750 |
| <i>less</i> Expenses | (3,985) | (4,021) |
| Operating Surplus / (Deficit) | (923) | 729 |
| Net Outlays on Existing Assets | | |
| Capital Expenditure on Renewal and Replacement of Existing Assets | (1,309) | (1,780) |
| <i>add back</i> Depreciation, Amortisation and Impairment | 1,904 | 1,856 |
| <i>add back</i> Proceeds from Sale of Replaced Assets | 22 | 195 |
| Subtotal | 617 | 271 |
| Net Outlays on New and Upgraded Assets | | |
| Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments) | (74) | - |
| <i>add back</i> Amounts Received Specifically for New and Upgraded Assets | - | - |
| <i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments) | 8 | 43 |
| Subtotal | (66) | 43 |
| Net Lending / (Borrowing) for Financial Year | (372) | 1,043 |

Note 17. Operating Leases

Council does not have any Operating Leases

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 18. Superannuation

\$ '000

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 2016/17). 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 2016/17) 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.

Note 19. Interests in Other Entities

Council has no interest in any Equity Accounted Businesses such as Joint Ventures, Associates & Joint Operations.

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial 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 the 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 deductible "insurance excesses", 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 MATTERS

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 no notice of any appeals against planning decisions made prior to reporting date.

Note 22. Events after the Balance Sheet Date

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 23. Related Party Transactions

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

Key Management Personnel

Transactions with 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:

The compensation paid to Key Management Personnel comprises:

| | | |
|------------------------------|------------|------------|
| Short-Term Employee Benefits | 440 | 376 |
| Post-Employment Benefits | 25 | 18 |
| Long-Term Benefits | 113 | - |
| Total | <u>578</u> | <u>394</u> |

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

| | | |
|--|----------|----------|
| Contributions for Fringe Benefits Tax purposes | - | 5 |
| Total | <u>-</u> | <u>5</u> |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

(a). Correction of Error/s relating to a Previous Reporting Period

Correction of errors disclosed in this year's financial statements:

During the Reporting Period, an error was identified whereby a parcel of land that Council owns and has built a dwelling on, was included in the Statement of Financial Position as both an Infrastructure, Property, Plant & Equipment Asset and as a Real Estate Development Asset. The correction involved removing the item from Real Estate Development Assets, reducing the amount shown as Other Non Current Assets in the Statement of Financial Position and accompanying note 6.

This adjustment resulted in a net decrease in Council's Accumulated Surplus as at 30/06/2017

During the Reporting Period, rounding errors were identified in the presentation of the 2016/2017 Financial Statements relating to a revaluation of assets that occurred. The amount shown in the Statement of Comprehensive Income (Other Comprehensive Income) was understated by \$1,000 resulting in the balance shown for the Asset Revaluation Reserve being similarly understated in the Statement of Financial Position and the Statement of Changes in Equity.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

| | | |
|--|----------|-------------|
| - Adjustments to Opening Equity - 1/7/16 (relating to adjustments for the 30/6/16 reporting year end and prior periods) | - | (42) |
| - Adjustments to Closing Equity - 30/6/17 (relating to adjustments for the 30/6/17 year end) | 1 | |
| Total Prior Period Adjustments - Prior Period Errors | 1 | (42) |

District Council of Karoonda East Murray

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 25. Council Information & Contact Details

Principal Place of Business:

11 Railway Terrace
Karoonda SA 5307

Contact Details

Mailing Address:

PO Box 58
Karoonda SA 5307

Opening Hours:

Opening Hours: 9am to 5pm
Monday to Friday
Closed on public holidays

Telephone: 08 8578 1004

Facsimile: 08 8578 1246

Internet: www.dckem.sa.gov.au

Email: council@dckem.sa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Matthew Morgan

Elected Members

MAYOR

Kevin Burdett

COUNCILLORS

Caroline Phillips

Darren Zadow

Daryl Sparks

John Wooldridge

Morris Terrell

Yvonne Smith

AUDITORS

Steven Andrew Russo

PKF Adelaide

Other Information

ABN: 36 186 937 991

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 2018, 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 2018 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

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

Qualified 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 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, except for the internal control weaknesses outlined in the basis for qualified 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, 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 2017 to 30 June 2018.

Basis for Qualified Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE3100 Compliance Engagements, issued by the Australian 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 on to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The following internal control weaknesses were present during the period 1 July 2017 to 30 June 2018:

- Council has prepared and implemented an Long Term Financial Plan and Asset Management Plan, which was adopted in December 2017, and therefore was not in operational for the full financial year ended 30 June 2018.
- Council's assessment of all facets of internal control have not been completed satisfactorily to ensure that all risks have been addressed and controls appropriately designed.
- Controls have not been appropriately designed, specifically, the documented policies are not complete, and independent reviews are not always documented.

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 2017 to 30 June 2018. 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.

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.

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.

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
 23 November 2018

District Council of Karoonda East Murray

General Purpose Financial Statements for the year ended 30 June 2018

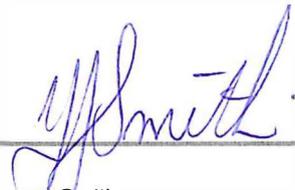
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Karoonda East Murray for the year ended 30 June 2018, 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



Yvonne Smith
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 27 November 2018

Auditor's Independence Declaration

To Chief Executive Officer of
District Council of Karoonda East Murray

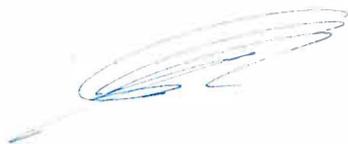
Auditor's Independence Declaration under Section 16A of the *Local Government (Financial Management) Regulations 2011* to the Members of the District Council of Karoonda East Murray.

As lead engagement partner for the audit of District Council of Karoonda East Murray for the year ended 30 June 2018, 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
23 November 2018



The Murraylands and Riverland
Local Government Association

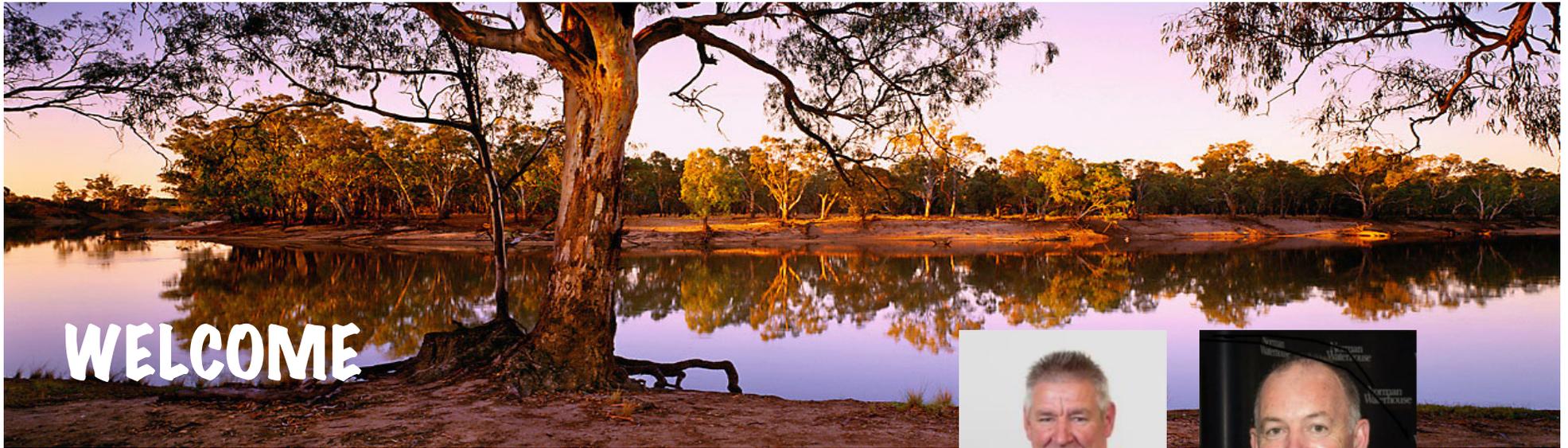
MURRAYLANDS & RIVERLAND LOCAL GOVERNMENT ASSOCIATION ANNUAL REPORT 2017 to 2018



Murraylands and Riverland Local Government Association
PO Box 236
VICTOR HARBOR, SA,5211

Email: ceomrlga@outlook.com
Web: www.mmlga.sa.gov.au





The past year has been extraordinarily busy and productive for the Murraylands and Riverland Local Government Association (MRLGA).

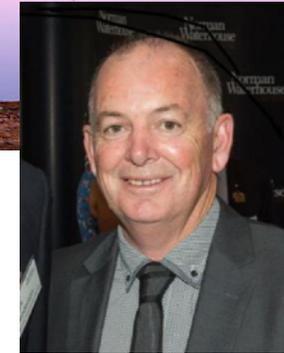
Our purpose remains staunchly focused on providing effective representation for local government and communities at regional, state and federal level in support of our Constituent Councils by sharing information, facilitating debate and influencing government policy through partnerships and advocacy.

This document represents the Annual Report of the Murraylands and Riverland Local Government Association (MRLGA) for the period 1st July 2017 to 30th June 2018.

This report must be submitted to the Constituent Councils by 31st October in each Financial Year in accordance with the MRLGA Charter on the work and operations of the Subsidiary.

The report details the achievements of the MRLGA against its strategic objectives and incorporates the audited Financial Statements of the Subsidiary and any other information or reports required by the Constituent Councils.

This report also details the activities of the Association to represent and serve our Constituent Councils and to advance the Murraylands and Riverland communities through effective advocacy, facilitation and innovation.



The Annual Report articulates clearly the alignment of the Subsidiary with its role of Leadership, Advocacy, Regional Capacity Building and Collaborative Partnerships. The MRLGA represents engaged and informed member Councils, our board members apply rigorous principles of management and governance and our stakeholders value the disciplined representation of the Association.

Mayor Dave Burgess

MRLGA President

Peter Bond

MRLGA Chief Executive Officer

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MRLGA ANNUAL REPORT SUMMARY 2017-2018

The MRLGA Board is pleased to provide the Murraylands and Riverland Local Government Association (MRLGA) Annual Report on the work and operations of the Subsidiary for the financial year 2017-2018 in accordance with Clause 28, Schedule 2 of the Local Government Act (1999).

Our vision is to be ***'a successful region led by progressive and responsive local governments'*** and our ability to deliver this vision has been enhanced significantly through the year with the release of the MRLGA's updated Strategic Plan 2016-2020. Our way forward will focus predominantly in the formation of partnerships that will add strength to the resolution of regional issues and provide for the most effective mechanisms to deliver regional programs.

The MRLGA Board has represented its Constituent Councils on a range of issues pertinent to our region. Such issues have included in part, Local/State Government Reform, advocating for the implementation of the Murray-Darling Basin Plan, Planning Reform, abolition of Rubble Royalties, the Community Wellbeing program, the fight against rate capping and as a Board member on the Grants Commission.

The MRLGA Board looks forward to realising the opportunities that are available to our dynamic region. With the new State Government having local reform firmly in their sights this is a time for mature heads and strategic partnerships when making the critical decisions that will grow our region.

In closing the MRLGA Board sincerely thanks all constituent Councils and key partners for the role they have played in delivering a range of programs and projects over the last 12-months. The Board would particularly like to thank our CEO, Peter Bond for his commitment and support provided to me and the Association over the past year; in particular the role he took in leading a range of strategic projects vital to the social and economic wellbeing of our flourishing region.

Murraylands & Riverland Local Government Association (MRLGA)



ROLE OF THE MRLGA

The Murraylands and Riverland Local Government Association is comprised of the following Constituent Councils:

- Berri Barmera Council
- Coorong District Council
- District Council of Karoonda East Murray
- District Council of Loxton Waikerie
- Mid Murray Council
- Rural City of Murray Bridge
- Renmark Paringa Council, and
- Southern Mallee District Council

The Murraylands and Riverland Local Government Association Strategic Plan 2016 - 2020 responds not only to the strategic needs and objectives of its 8 Constituent Councils, but also to a number of key strategies including States Seven Strategic Priorities, the LGA's Strategic Plan, the RDAs Regional Roadmap and the SA MDBNRM Board's Strategic and Business Plans.

Executive Officer services for the Association for the year were again provided by Peter Bond under a contract arrangement. In accordance with a resolution of Member Council Delegates, the Chief Executive Officer is subject to ongoing performance review with the Association.

The Annual Report articulates clearly the alignment of the Subsidiary with its role and purpose as outlined below;

| Role | MRLGA will provide for ... |
|-----------------------------------|---|
| Leadership and Advocacy | <ul style="list-style-type: none"> • Initiate action and lead regional activity • Set the agenda and direction • Represent the region, and pursue outcomes on behalf of the Constituent Councils and the region |
| Capacity Building | <ul style="list-style-type: none"> • Work with member Councils to build capacity and increase sustainability • Provide for integrated and coordinated regional collaboration for Constituent Councils • Act as the central organisation for shared Local Government responsibilities • Join with other stakeholders to deliver a service or project |
| Continuous Improvement | <ul style="list-style-type: none"> • Facilitate continuous improvement for our Constituent Councils |
| Collaborative Partnerships | <ul style="list-style-type: none"> • Join with other stakeholders to build the capacity of the region |

OUR VISION

A successful region led by progressive and responsive local governments. issues and projects and the lobbying for the benefit of our regional communities.

OUR MISSION

To provide an effective and efficient regional organisation, facilitating the coordination of Local Government resources, the fostering of partnership approaches to regional issues and projects and the lobbying for the benefit of our regional communities.

MURRAYLANDS AND RIVERLAND LGA IN PROFILE

The Murraylands and Riverland Region covers over 36,000 kilometres² (third largest region in South Australia) spanning eight Constituent Councils. It is home to around 69,000 people and some 5,000 businesses. The major economic output is primary production accounting for 34% of all GRP generated, 20% of jobs and 15% of household incomes. Our region has the highest proportion of agriculture dependence for any region in South Australia.

The Murraylands and Riverland Local Government Association (MRLGA) operates as a Regional Subsidiary under the provisions of the Local Government Act 1999.

MRLGA is composed of eight Constituent Councils from within the region as outlined in Figure 1. As a Regional Subsidiary the Association has as its governing document a Charter as provided for under the Local Government Act 1999 which came into effect on 13th December 2001.

The MRLGA Charter identifies a broad range of roles to deliver the objectives of the Association. Given our limited resources, it is necessary to closely define the role of MRLGA in delivering the five regional strategies. The Charter defines the Association's role as follows;

- To undertake coordinating, advocacy and representational roles for its constituent Councils at a regional level
- To facilitate and coordinate activities of local government at a regional level on behalf of our constituent Councils.
- To develop, encourage, promote, foster and maintain consultation and cooperation and to strengthen the representation and status of local government
- To develop further cooperation between its constituent Councils for the benefit of the communities in the region.
- To develop and manage policies which guide the conduct of programs and projects in the region
- To undertake projects that benefit the region and its communities

The Charter requires the MRLGA to prepare a Strategic Plan every three (3) years. This Strategic Plan sets the activities and outcomes for the work of the MRLGA for the financial year 2016-2017. The direction of the Association is now governed by the current Strategic Plan 2016–2020 adopted by the MRLGA Board in April 2016 and identifies the Subsidiaries' Vision, Mission, Commitment and Role over the next 5-years.

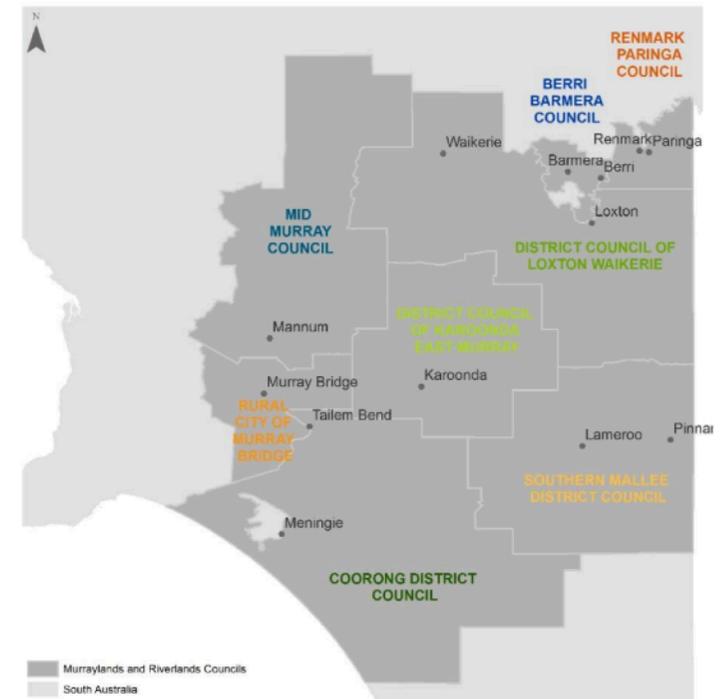


Figure 1: Map of the MRLGA region

THE MRLGA BOARD

The MRLGA Board comprises representatives from each of the Constituent Councils and is chaired by the MRLGA President. Historically each Constituent Council could nominate up to two voting members to the Board. At the General Meeting of the Subsidiary held on 9th December 2015 the Board resolved to reduce voting representation at MRLGA Board meetings to one vote per Council (being a total of eight voting delegates).

All voting delegates shall be the Mayor of each Council and proxy representatives shall be Council Members with CEO's encouraged to attend as observers. This will ultimately require amendment of the Subsidiary's Charter under Clause 4.2 Membership of the Board where it states;

“the Board shall consist of two (2) persons from each Constituent Council appointed by the Constituent Council and each Constituent Council shall, following every periodic Local Government election, appoint, and give notice in writing to the Chief Executive Officer of the Subsidiary, of those persons who are its Board members, of whom one shall be an elected member of the Constituent Council and one may be the Chief Executive Officer or other officer of the Constituent Council.”



MRLGA Board Members for 2017-2018

| Council | Voting Delegate | Non-Voting Proxy Delegate |
|--|-----------------------------------|------------------------------------|
| Berri Barmera Council | Mayor Peter Hunt - Vice President | Cr Andrew Kassebaum, Deputy Mayor |
| Coorong District Council | Mayor Neville Jaensch | Cr Sharon Bland, Deputy Mayor |
| District Council of Karoonda East Murray | Mayor Kevin Burdett | Cr Caroline Phillips, Deputy Mayor |
| District Council of Loxton Waikerie | Mayor Leon Stazinowski | Cr Michael Vowles, Deputy Mayor |
| Mid Murray Council | Mayor Dave Burgess - President | Cr Kelly Kuhn, Deputy Mayor |
| Rural City of Murray Bridge | Mayor Brenton Lewis | Cr Theo Weinmann, Deputy Mayor |
| Renmark Paringa Council | Mayor Neil Martinson | Cr Peter Hunter, Deputy Mayor |
| Southern Mallee District Council | Mayor Andrew Grieger | Cr Neville Pfeiffer, Deputy Mayor |

Mayor Dave Burgess, Mid Murray Council was re-elected President at the Annual General Meeting held at Karoonda on 14th July 2017 and Mayor Peter Hunt, Berri Barmera Council was re-elected Vice President both for a full annual term of office.

MRLGA DELEGATES TO THE LGA SA

Under the Constitution of the Local Government Association of South Australia (LGA SA) regions are represented via appointed members to serve on the LGA Board and the South Australian Regional Organisation of Councils (SAROC).

MRLGA delegates appointed to the LGA Board are;

- **Mayor Dave Burgess MMC** (President & LGA Immediate Past President)
- **Mayor Peter Hunt BBC** (LGA Vice President)
- **Mayor Neville Jaensch CDC**
- **Mayor Brenton Lewis RCMB** *Deputy Member*

MRLGA delegates appointed to SAROC include

- **Mayor Dave Burgess MMC** (President & LGA Immediate Past President)
- **Mayor Peter Hunt BBC** (LGA Vice President)
- **Mayor Neville Jaensch CDC** (Proxy)
- **Mayor Brenton Lewis RCMB** *Deputy Member*
- **Mr Peter Bond** Chief Executive Officer



The South Australian Regional Organisation of Councils (SAROC) is an important committee of the LGA that focuses on key issues affecting regional Councils. Membership is drawn from each of the six non-metropolitan Regional Local Government Associations with members meeting bi-monthly to discuss key issues affecting non-metropolitan Councils.

The MRLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to MRLGA Board meetings and by providing collegiate support to prepare submissions on behalf of regional and rural Councils that included continued lobbying and input into the ongoing review of the business plans, administrative fee and levy proposals of the Natural Resource Management lobbying in relation to legislative changes, Boundary Reform, Youth Traineeships, Community Wellbeing, Road Safety, Waste Management and Decentralisation/Regional Population Growth, to name a few.

ASSOCIATION COMMITTEES AND WORKING PARTIES

The following outlines representation on MRLGA Committee's and Working Parties to the 30th June, 2018:

Murray River Alliance SA

- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Peter Bond, CEO MRLGA

Murraylands and Riverland (previously Murray and Mallee) Local Government Association Regional Transport Strategy Committee:

- Mayor Neil Martinson, Renmark Paringa Council, Chair (*by virtue of position held*)
- President, Mayor David Burgess, Mid Murray Council (President, Mayor Dave Burgess, Mid Murray Council (ex-officio)
- Peter Bond, CEO MRLGA
- Geoff Meaney, Manager Infrastructure Planning, Renmark Paringa Council
- Greg Perry, Manager Infrastructure Services, Berri Barmera Council
- Greg Hill, Director, Infrastructure, Mid Murray Council. (Russell Pilbeam - proxy)
- Tim Tol, Director of Infrastructure, District Council of Loxton Waikerie, (Domenic Perre - proxy)
- Matthew Morgan, CEO, District Council of Karoonda East Murray
- Simon Bradley, GM Infrastructure and Environment, Rural City of Murray Bridge (Matt James - proxy)
- Matthew Sherman, Works Manger, Southern Mallee District Council
- David Mosel, Director Infrastructure and Assets, Coorong District Council
- Jo Podoliak, Chief Executive, Regional Development Australia - Murraylands and Riverland

Murray and Mallee Zone Emergency Management Committee:

- Deputy Mayor Kevin Myers, Mid Murray Council, Chair.
- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Mayor Peter Hunt, Berri Barmera Council.
- Michael Sedgman, CEO, Rural City of Murray Bridge (Ros Kruger – Proxy).
- David Beaton, Berri Barmera Council (Veronica Rothe - Proxy)
- Tim Tol, Director Infrastructure Services, District Council of Loxton Waikerie.
- David Mosel, Director Infrastructure and Assets, Coorong District Council.
- Tony Secomb, Manager Corporate Services (seconded), Southern Mallee District Council.



Murraylands and Riverland CEO's Network Group:

- Tony Siviour, CEO, Renmark Paringa Council,
- Michael Sedgman, CEO, Rural City of Murray Bridge,
- Russell Peate, CEO, Mid Murray Council,
- Mia Dohnt, CEO, Southern Mallee District Council,
- Peter Ackland, District Council of Loxton Waikerie,
- David Beaton, CEO, Berri Barmera Council.
- Vince Cammell, CEO, Coorong District Council
- Peter Smithson, CEO, District Council of Karoonda East Murray
- Peter Bond, CEO, MRLGA

Murraylands and Riverland Regional Public Health Plan Committee:

- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Katina Nikas, EHO, Renmark Paringa Council, Chairperson
- Caroline Thomas, EHO, Coorong District Council,
- Tom McKellar, EHO, Mid Murray Council,
- Myles Somers, Manager Environmental Services, Berri Barmera Council,
- Rebecca Burton, EHO, Berri Barmera Council,
- Vacant, Southern Mallee District Council and District Council of Karoonda East Murray,
- Reg Buderick, Rural City of Murray Bridge,
- Phil Eckert, Team Leader Regulation, Rural City of Murray Bridge,
- Jeremy Byrnes, EHO, Rural City of Murray Bridge,
- Dara Clayton, EHO, District Council of Loxton Waikerie,
- Peter Bond, CEO, MRLGA



ASSOCIATION MEETINGS

During 2017-2018, the Association met on four occasions on:

- 14th July 2017 - Annual General Meeting - District Council of Karoonda East Murray Council Offices, 11 Railway Terrace, Karoonda,
- 16th October 2016 - General Meeting - Berri Barmera Council, 19 Wilson Street, Berri,
- 17th January 2017 - General Meeting - Coorong District Council, 95-101 Railway Terrace, Tailem Bend,
- 6th April 2018 - General Meeting - District Council of Karoonda East Murray Council Offices, 11 Railway Terrace, Karoonda March 2017,
- 31st May 2018 - Special Meeting - Rural City of Murray Bridge Council Offices, Murray Bridge

All Association Meetings, including Committee Meetings Agendas and Minutes are available for viewing and or downloading from the Association's website at www.mmlga.sa.gov.au

A number of guest speakers and attendees have made presentations/addresses to the Association meetings throughout the year. They include:

- Emma Bradbury Chief Executive Officer, Murray Darling Association Inc
- Karen Raffan and Ruby Hannam, Brand SA

Representatives of the LGA SA, RDA MR, SA MDB NRM, SAPOL and PIRSA attended each meeting and took the opportunity to brief the Association of the relevant matters being addressed by their respective bodies.

We acknowledge the support of the CEO of the LGA, Matt Pinnegar, Jo Podoliak, CEO, RDA Murraylands and Riverland, Sharon Starick SA MDB NRM Board Presiding Member, James Blandford, SAPOL and Tim Smythe/Barb Cowey, PIRSA/Regions SA who have been ready to assist the region and ensure a presence at our meetings.

The Association has also enjoyed a close working relationship with its State and Federal Members of Parliament, a number of whom have been regular attendees at our meetings.

The President has continued the practice of giving each of our guests the opportunity to address our meetings briefly about matters and issues before them that may be of interest to the Association and Member Councils. The contribution from all of the speakers, presenters and guests has kept the Association and the Delegates abreast of a wide range of issues that impact on Local Government and the communities in the Region.



STRATEGIC ACTIVITIES 2017-2018

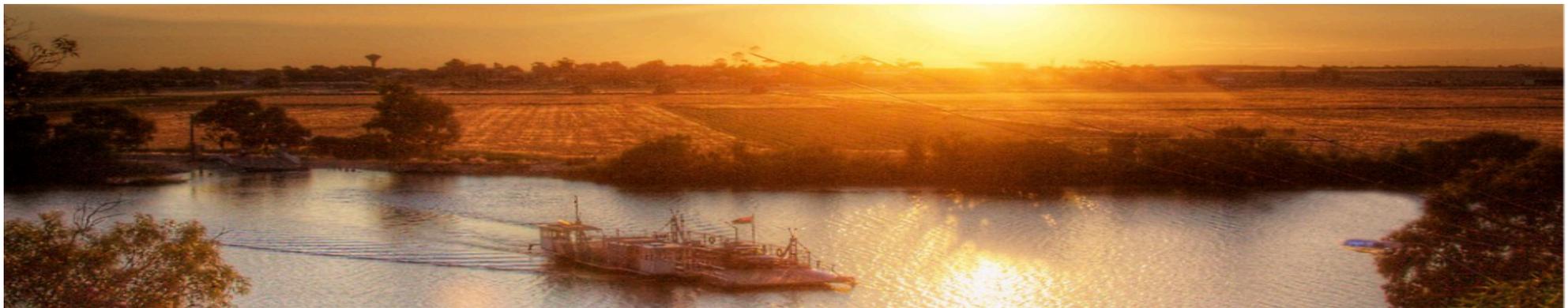
The Subsidiary undertakes a coordinating role, in conjunction with Constituent Councils on their issues and those raised by the Local Government Association of South Australia, the community and other key stakeholders.

State and Federal Members of Parliament representing our Region continue to be briefed both individually and through invitations to attend our quarterly meetings.

Submissions and briefings undertaken during the reporting period include:

- **Inquiry into National Freight and Supply Chain Priorities, July 2017** - provided a submission responding to the Australia Government's "Inquiry into National Freight and Supply Chain Priorities" Discussion Paper released in May 2017,
- **Inquiry into Regional Development and Decentralisation, November 2017** - Provided evidence to the Select Committee on Regional Development and Decentralisation in support of the need for Decentralisation and proactive Regional Development across regional SA.
- **Murray-Darling Basin Royal Commission To Investigate The Operations And Effectiveness Of The Murray-Darling Basin System, April 2018** - Provided a submission to the Murray-Darling Basin Royal Commission for the purpose of investigating the operations and effectiveness of the Murray-Darling Basin system.

The CEO MRLGA has also attended Forums, Workshops and Briefings throughout the year regarding evolving issues and to make contribution on behalf of the Association



Key Project Activities for 2017-18

- **Regional Roads Freight Movement Study** - The purpose of the Regional Roads Freight Movement Study was to identify the benefits and costs of upgrading key roads within the Region to cater for increased demands and larger vehicle types (Double Road Train and B-Triple vehicles). These benefits and costs would then be used in the development of business cases to obtain funding for the required road improvements.
- **Regional Commodity Route Network HVRA and Risk Analysis** - Partnering member Councils in carrying out Network Level Heavy Vehicle Route Assessment and Risk Analysis' of B-Double Commodity Routes. The MRLGA co-funded constituent Council route assessment based on the application of criteria.
- **Regional Road Action Plans and 2018 SLRP Roads Database Update** - The MRLGA engages HDS Australia Pty Ltd to provide that level of service at a variable fee for service depending on the extent of work involved. The data generated is used for the development of SLRP funding application priorities for 2017-18. This also included submitting SLRP Funding on behalf of member Councils for adopted priorities for the 2017-2018 SLRP program and referring to the LGTAP for funding.
- **Regional Sport and Recreation Facilities Needs Review** - Tredwell Management were appointed to deliver this project through the 2016/2017 and 2017/2018 financial years.
- **Regional Waste Management Strategy BCA** - This project sort to identify opportunities for greater collaboration between member Councils in the planning and delivery of waste management services.
- **One River Murray Authority Governing Structure** - the Murray River SA Alliance initiated a review of governance structures over the South Australian section of the River Murray.
- **Murray and Mallee Zone Emergency Management Committee (ZEMC)** - continued to represent the Local Government sector on matters relating to Emergency Management and assisted the LGA in the inception of LGFS needs.
- **Regional Public Health and Wellbeing Plan** - As required under the Act, the Association's Regional Public Health Plan report to SA Health has been compiled and submitted by the Association's Regional Public Health Plan Committee. That committee provided for the implementation and monitoring of a Regional Public Health Plan for MRLGA, held working group meetings and liaised with LGA Public Health Program Manager. The Committee met on 26/07/2017, 2/11/2017, 24/01/2018, 8/03/2018, 15/05/2018
- **Legal Charter Review** - During the course of the year a review of the MRLGA Charter was carried out (as may be required by new regulations arising from review of Local Government Act 1999). The review of the MRLGA Charter is also required as a consequence of the Strategic Review conducted in 2015-2016.
- **Asset Planning Business Case Analysis (BCA)** - a project is an initiative of the Murraylands and Riverland Local Government Association (MRLGA). It seeks to identify opportunities for greater collaboration between member Councils in meeting their asset management obligations.
- **NS Freight Route Review** - The MRLGA have partnered with S&HLGA and the RDA's in the Northern Freight Bypass project to consider the cost and benefits of a realigned Hills rail freight bypass from Tailem Bend/Monarto North through to the Sturt Highway. This study will inform the new State Government GlobelinkSA project. This project required attendance at Northern Freight Bypass Working Group meetings 19/10/2017, 8/02/2018, 27/04/2018, 2/05/2018

FINANCES

The Annual Business Plan for each year balances the objective of ensuring the MRLGA's long-term financial sustainability whilst increasing investment in key projects and preparing for future development and improvement opportunities.

Income for the Murraylands & Riverland Local Government Association is derived from three main sources:

1. Subscriptions from Constituent Councils of MRLGA;
2. Funding from the LGA SA for Regional Capacity Building, Outreach Services, Rubble Royalties and R&D Projects; and
3. Project funding through partnerships with external organisations.

A small amount of income is derived from interest and project management fees.

Annual expenditure is divided between two main areas:

1. Operating – expenditure required to employ a Chief Executive Officer, and general costs for administration, Board expenses and other general operating expenses;
2. Projects – expenditure required to deliver specific projects, including where applicable the engagement of external resources.

Financial reports are considered by the MRLGA Board at each meeting. The Audited Financial Statements for 2017-2018 are included in **Appendix 1** of this report.



ACKNOWLEDGEMENTS

MRLGA acknowledges the Constituent Council Mayors, Elected Members, Chief Executive Officers and staff for the ongoing support of the regional role of the Association.

The Local Government Association SA has continued to provide strong support to the MRLGA and its members throughout the year. MRLGA acknowledges the contribution of SAROC members, Chief Executive Officer Matt Pinnegar and the many LGA staff that have supported MRLGA throughout the year.

The Local Government Research and Development Scheme funding has enabled MRLGA to undertake a range of additional projects throughout the year, both through additional Research and Development Fund projects and also via the Regional Capacity Building Grants.

MRLGA enjoys a close working relationship with Regional Development Australia Murraylands and Riverland and SA MDB NRM Board members and staff.

Peter Bond
Chief Executive Officer
Murraylands and Riverland Local Government Association

August 2018

Appendix 1

Audited Financial Statements 2017-18



The Murraylands and Riverland
Local Government Association

Murray and Mallee Local Government Association

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2018**

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 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|----------------|----------------|
| Income | | | |
| MBM LGA Contributions | 2 | 158,665 | 152,394 |
| Other Grants & Contributions | 2 | 257,518 | 324,185 |
| Interest Revenue | 2 | 4,689 | 2,904 |
| Total Revenue | | 420,872 | 479,483 |
| Operating Expenses | 3 | (277,094) | (255,693) |
| Surplus (deficit) for the year | | 143,778 | 223,790 |
| Total Comprehensive Profit (Loss) | | 143,778 | 223,790 |

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

| | Note | 2018 \$ | 2017 \$ |
|----------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 4 | 435,692 | 426,824 |
| Trade and other receivables | 5 | 148,706 | 11,729 |
| Total Current Assets | | <u>584,398</u> | <u>438,553</u> |
| Total Assets | | <u>584,398</u> | <u>438,553</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 6 | 14,384 | 12,318 |
| Total Current Liabilities | | <u>14,384</u> | <u>12,318</u> |
| Total Liabilities | | <u>14,384</u> | <u>12,318</u> |
| Net Assets | | <u>570,014</u> | <u>426,235</u> |
| Member's Funds | | | |
| Unspent funds reserve | 7 | - | (76,220) |
| Accumulated surplus | 7 | 570,014 | 502,456 |
| Total Members Funds | | <u>570,014</u> | <u>426,235</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 2018**

| | Note | Accumulated Surplus \$ | Unspent funds reserve \$ | Total \$ |
|--------------------------------------|------|------------------------------|-----------------------------------|----------------|
| 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> |
| 2017 | | | | |
| Balance at the beginning of the year | 7 | 157,342 | 45,104 | 202,446 |
| Surplus for the year | | 223,790 | - | 223,790 |
| Transfers | | 121,324 | (121,324) | - |
| Balance at the end of year | | <u>502,456</u> | <u>(76,220)</u> | <u>426,326</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 2018**

| | Note | 2018 \$ | 2017 \$ |
|--|----------|----------------|----------------|
| Cash from operating activities | | | |
| Receipts from grants | | 257,518 | 324,185 |
| Receipts from members | | 158,665 | 152,394 |
| Interest received | | 4,689 | 2,904 |
| less increase in debtors | | (136,977) | (8,090) |
| Payments to suppliers | | (277,094) | (255,693) |
| add increase in payables | | 2,066 | (942) |
| Net cash provided from operating activities | 8 | 8,868 | 214,758 |
| Net increase in cash held | | 8,868 | 214,757 |
| Cash at beginning of financial year | | 426,824 | 212,067 |
| Cash at end of financial year | 4 | 435,692 | 426,824 |

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 on 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.

(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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(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 2018

(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 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 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 2018

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 2018

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 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 and Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 2: Revenue

| | 2018 | 2017 |
|---|----------------------------|----------------------------|
| | \$ | \$ |
| MBM LGA Contributions | | |
| Berri Barmera | 20,860 | 20,451 |
| Coorong District Council | 13,816 | 13,545 |
| DC of Karoonda East Murray | 7,315 | 7,172 |
| DC of Loxton Waikerie | 22,080 | 21,506 |
| Mid Murray Council | 16,525 | 16,201 |
| The Rural City of Murray Bridge | 27,633 | 27,091 |
| Renmark Paringa Council | 18,557 | 18,194 |
| Southern Mallee DC | 8,669 | 8,501 |
| SLRP surcharge | 23,210 | 19,733 |
| | <hr/> 158,665 | <hr/> 152,394 |
| Other Grants & Contributions | | |
| Other Grants | 3,450 | - |
| Rubble Royalties | 164,291 | - |
| Regional Capacity Buildings | 39,777 | - |
| Local Government Association of SA | - | 274,185 |
| Out Reach Program Income | 50,000 | 50,000 |
| | <hr/> 257,518 | <hr/> 324,185 |
| Interest Revenue | 4,689 | 2,904 |
| Total Revenue | <hr/> 420,872 <hr/> | <hr/> 479,483 <hr/> |

Murray Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Other Operating Expenses

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Allowances | 3,000 | - |
| Accounting software | 276 | 498 |
| Audit fees | 3,300 | 3,500 |
| Consultancy and contractors | - | 867 |
| Executive officer contract services | 115,520 | 109,545 |
| Insurance | 7,208 | 5,697 |
| LGA capacity building grant | - | 2,395 |
| Meeting expenses | 2,221 | 1,424 |
| Murraylands regional collaboration project | - | 3,240 |
| President's travelling allowance | 649 | 1,950 |
| SAROC regional meeting costs | 1,115 | (836) |
| Sundry expenses | 1,200 | 6,088 |
| SLRP Priority Setting | 14,099 | - |
| Administration Support | 10,680 | - |
| Project Expenditure: | | |
| 2030 Transport Plan Project - Roads Database | - | 11,700 |
| Discretionary Projects | 18,700 | - |
| Strategic ICT Projects | 15,000 | - |
| Commodity Route Assessment | 16,960 | 13,400 |
| Hills Road/Rail Bypass | - | 5,000 |
| Murray River Alliance Projects | 11,022 | 10,000 |
| Regional Freight Movement Study | 29,735 | 50,284 |
| Regional Waste Strategy | 2,500 | 15,000 |
| Sport and Recreation Facilities Needs Review | 23,909 | 15,940 |
| | <u>277,094</u> | <u>255,693</u> |

Note 4: Cash and cash equivalents

| | 2018 | 2017 |
|-----------------|----------------|----------------|
| | \$ | \$ |
| Cash on hand | 100 | 100 |
| Cash at bank | 279,473 | 275,294 |
| LGFA Investment | 156,119 | 151,430 |
| | <u>435,692</u> | <u>426,824</u> |

Note 5: Trade and other receivables

| | 2018 | 2017 |
|----------------------|----------------|---------------|
| | \$ | \$ |
| Trade Debtors | 140,408 | - |
| GST receivable (net) | 8,298 | 11,729 |
| | <u>148,706</u> | <u>11,729</u> |

Note 6: Trade and other Payables

| | 2018 | 2017 |
|----------|---------------|---------------|
| | \$ | \$ |
| Payables | 14,384 | - |
| Accruals | - | 12,318 |
| | <u>14,384</u> | <u>12,318</u> |

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 7: Accumulated Surplus

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Opening Balance | 426,236 | 278,666 |
| Surplus for the year | 143,778 | 223,790 |
| | 570,014 | 502,456 |
| Net transfers (to)/from reserves: | | |
| Unspent funds reserve | 76,220 | (76,220) |
| Net transfers (to)/from accumulated surplus: | (76,220) | - |
| Net Transfers (to)/from reserves | <u>-</u> | <u>(76,220)</u> |
| Balance at year end | <u>570,014</u> | <u>426,236</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

| | 2018 | 2017 |
|--|---------------------|-----------------------|
| | \$ | \$ |
| Net surplus for the year | 143,778 | 223,790 |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in trade and other receivables | (136,977) | (8,090) |
| Increase/(decrease) in trade and other payables | 2,067 | (942) |
| | <u>8,868</u> | <u>214,757</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 | 2018 | | 2017 | |
|------------------------------------|------|-----------------|----------------|-----------------|----------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial liabilities | | \$ | \$ | \$ | \$ |
| Trade and other Payables | 6 | 14,384 | 14,384 | 12,318 | 12,318 |
| Total Financial liabilities | | 14,384 | 14,384 | 12,318 | 12,318 |
| Financial Assets | | | | | |
| Cash and cash equivalents | 4 | 435,692 | 435,692 | 426,824 | 426,824 |
| Total Financial Assets | | 435,692 | 435,692 | 426,824 | 426,824 |

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 in 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 obligation 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 accounting 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.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 sensitives to the association's exposure to changes in interest rates.

| | 2018 | | 2017 | |
|------------------------------|--|----------------|--|----------------|
| | % Weighted Average Interest rate | Carrying Value | % Weighted Average Interest rate | Carrying Value |
| Financial liabilities | \$ | \$ | \$ | \$ |
| Trade and other Payables | 0% | 14,384 | 0% | 12,318 |
| Financial Assets | | | | |
| Cash at bank | 0% | 279,473 | 0% | 275,294 |
| LGFA Investment | 1.8% | 156,119 | 1.8% | 151,430 |
| Cash on hand | 0% | 100 | 0% | 100 |

Note 10: Contingent Liabilities and Contingent Assets

At 30 June 2018, 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 2018, 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 2018

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:

| | |
|-------------------------------------|----------------|
| | 2018 |
| | \$ |
| Executive Officer Contract Services | 115,520 |

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. These include credit risk policies and future cash flow requirements. 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

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 2018 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 Dave Burgess
Position: President
Date: 12 October 2018

Name: Peter Bond
Position: Chief Executive Officer
Date: 12 October 2018

Murray Mallee Transport

connecting communities



Annual Report

2017 / 2018

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INTRODUCTION

Community Passenger Networks (CPN) are located across South Australia and are a pivotal point of many communities to enable people to access other services and facilities that they are not able to access within their own towns. The Murray Mallee Community Transport Scheme (MMCTS) is part of this Network as the Murray Mallee CPN and provides direct transport services for eligible community members living within the Council districts of Coorong, Southern Mallee and Karoonda East Murray.

MMCTS is also a booking location for the Murray-Mallee Medical bus. This service is for eligible community members living within the Coorong, Southern Mallee, Karoonda East Murray, Tatiara and Rural City of Murray Bridge Council areas.

MMCTS has been in operation for 21 years, has seen and undergone many changes within the region during this time however still manage to maintain a direct transport service to the community utilising accredited volunteer drivers.

AIM OF THE COMMUNITY PASSENGER NETWORK

The aim of the Murray Mallee Community Transport Scheme is to promote efficient use of resources in the region by encouraging and coordinating shared use of existing resources and the integration of community transport services with conventional transport.

To provide a resource to enable the community to make better use of existing passenger transport services within the region.

MMCTS endeavour to assist people living within the service area who are transport disadvantaged to access services, facilities and social activities that enable them to participate to a greater degree in the life of their community.



Murray Mallee Community Transport Scheme Chairman's Annual Report 2017 – 2018



It is with pleasure I present my Annual Chairman's Report.

Our Service Agreement is currently Between Murray Mallee Community Transport Scheme Management Board and the Department for Human Services (DHS) and the agreement funding is until 30 June 2020.

Murray Mallee Community Transport Scheme (MMCTS) also receives funding from the following areas

- Commonwealth Home Support Programme – CHSP
- Coorong District Council, District Council of Karoonda East Murray and Southern Mallee District Council
- Department of Planning, Transport, Infrastructure – Public Transport Operations and Planning (DPTI – PTO)
- Client fee contributions based on transport destination

On behalf of Board Members I would like to thank all the financial supporters of MMCTS as without this support the Scheme could no operate.

Some achievements or activities during the past 12 months have been

- Annual Report sent to the three (3) constituent Councils, the Minister and DPTI – PTO
- Budget and Business Plans sent to the constituent Councils
- Staff attended community events including Karoonda Farm Fair
- Staff attended Local Government Risk Services Training, Disaster Readiness Training and Mental Health Training
- Back window signage was added to the two (2) MMCTS owned vehicles in February 2018
- Active participation in a DHS Review in March 2018
- On 7 October 2017 a Volunteer Appreciation Luncheon was held at Old Tailem Town Pioneer Village at Tailem Bend for all the volunteer drivers from our far flung areas. Thankyou was extended to those drivers who were retiring as without their time and dedication as volunteer drivers the Scheme would not have operated so successfully.

Presently we have 19 volunteers, comprising 16 active drivers, one (1) volunteer and two (2) volunteer companions. The home location the volunteers are Lameroo, Pinnaroo, Tailem Bend, Geranium, Murray Bridge, and Meningie. The volunteers spent 886.25 hours driving some 40,742 km.

Client trips increased slightly over last year to be 445 one way trips. Vehicle trips increased slightly to 236 trips. There were 87 enquiries and 55 new clients.

During the past year we farewelled our Administration Officer – Annyse McFee and in January 2018 Robyn Mayfield took over from Annyse. Helen Luke has been a very competent, polite and respected

employee of MMCTS. On behalf of the Board I would like to thank the three (3) employees for their services towards MMCTS.

A big thankyou to the current Board Members, who have worked tirelessly over these past 12 months for the betterment of MMCTS.

I have been a Board Members for over 20 years, since the inception of MMCTS. It is a Section 43 regional subsidiary of the three (3) Councils which is being wound up by the 3 Councils. The Board is looking at transitioning away from Council control to a different service provider who will be able to provide a more cost efficient and enhanced service delivery.

Regards

Neville Pfeiffer

Chairman

Murray Mallee Community Transport Scheme Board



Murray Mallee Community Transport Scheme Regional Coordinator Annual Report 2017 - 2018

It is with quite mixed emotions that I present the Murray Mallee Community Transport Scheme (MMCTS) Regional Coordinator Annual Report for 2017 – 2018 particularly given the very uncertain space that the organisation is currently experiencing.

The past 12 months have been particularly challenging and very demanding in many ways. In early October 2017 MMCTS Administration Officer, Annyse McFee resigned from her role to take up a position in retail which was closer to her home location enabling her to spend more time with family. MMCTS recruited for another Administration Officer and in January 2018, Robyn Mayfield was appointed to the position.

The introduction of My Aged Care (MAC) a couple of years ago and the recent roll-out of the National Disability Insurance Scheme (NDIS) has certainly played a significant role in the world of transport in regards to current eligibility and where people have been able to access suitable transport from within their area.

Transport disadvantaged people living in the Council areas of Coorong, Southern Mallee and Karoonda East Murray rely on the vital service that MMCTS has provided to them over the past 21 years. Transport assistance has been provided for basic necessities of shopping & banking, attending events and to access vital medical appointments that they were unable to access in their local area.

The process of My Aged Care has been quite frustrating for many of our older clients, however most have been quite positive about receiving an in home assessment as they have been able to have other areas of need identified within their homes to help enhance their quality of life which in turn has enabled them to live more independently for longer within their own homes. Over the past 12 months MMCTS have received 29 new MAC referrals for transport with many more waiting to receive a follow up assessment.

MMCTS have been involved in community events where possible as well as attending and actively participating in meetings, forums, training and liaison with local and regional service providers and commercial operators. The following is a brief summary of some of the events attended during 2017 – 2018:



2017

- ❖ Supporting Resilient Worker Forum – 5 June
- ❖ Delivery of new fleet vehicle – 29 June
- ❖ CPN Coordinators visitation to new RAH – 21 August
- ❖ Fire Extinguisher Training – 24 August
- ❖ Volunteer Appreciation Luncheon at Old Taillem Town – 7 October
- ❖ Visitation to Uni SA for video viewing – 23 October



2018

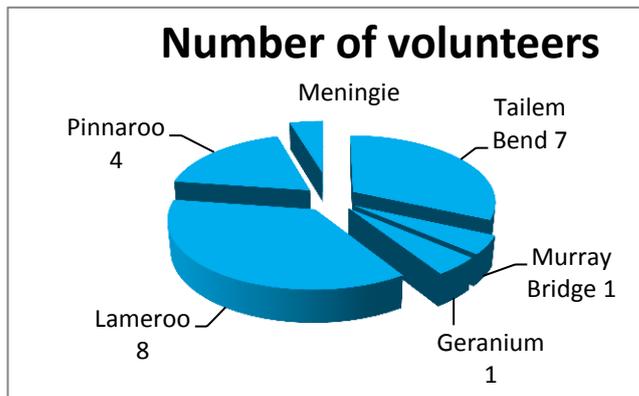
- ❖ MMCTS logo vehicle window signage – 14 February
- ❖ Department Communities and Social Inclusion Review – 22 March
- ❖ Karoonda Farm Fair – 6 & 7 April
- ❖ Keeping Connected Workshop – 24 April
- ❖ Emergency Management Workshop – 1 May
- ❖ Local Government Risk Services Training – 7 June



The community is very fortunate to have a small team of professional and very dedicated volunteers who freely give their time to their volunteer role within MMCTS. Staff and the Management Board would like to extend a very heartfelt thank you to the team and wish them well for the year ahead.

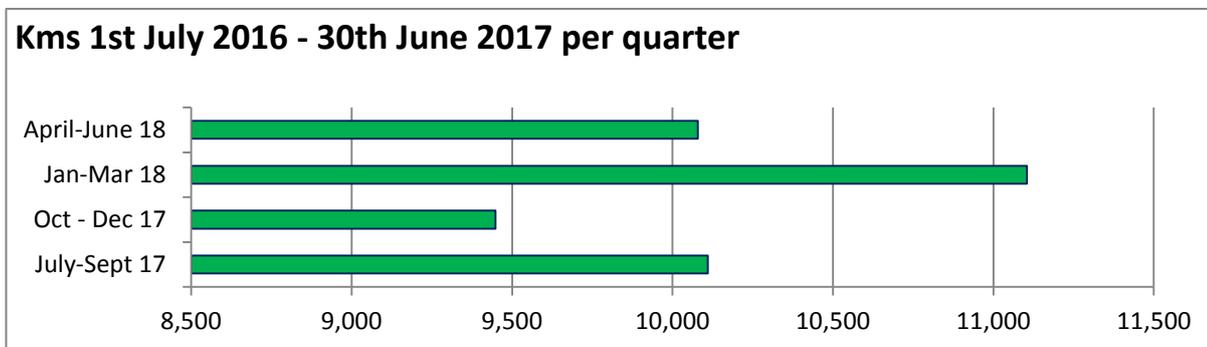
Over the past 12 months the volunteers have collectively traveled 40,572 kilometres while providing 880 voluntary hours. This is a mammoth effort for such a small team and there has been a slight increase in transport figures from the previous year.

Recruitment and retention of volunteers is a never ending cycle, they are our most precious resource and are the base of operations. There remains a mix of accredited volunteer drivers, volunteers who are able to assist with taking cars in for servicing and accreditation or helping out at functions and volunteers who act as a travel companion if a person needs additional assistance.



The following chart is a summary of kilometres traveled from 1st July 2017 – 30th June 2018 for all MMCTS owned & utilised vehicles on a quarterly basis.

The figures recorded for the past 12 months are a little higher than the previous year.



MMCTS owned vehicles are Toyota Aurions - Scheme One and Scheme Two which both now have the logo and phone number on the back window. Vehicles from Karoonda, Lameroo and Pinnaroo are utilised from Country Health Connect for clients living within those Council regions, providing a vehicle is available along with our

accredited volunteer drivers. There is also an odd occasion that a volunteer will use their own vehicle for short trips usually within town limits to link people with public transport bus service.

The vehicle resource that we have access to within the Southern Mallee and Karoonda East Murray districts is a highly valuable and precious resource. Trying to access resources from other service providers from within our direct service area unfortunately has not as yet come to fruition.

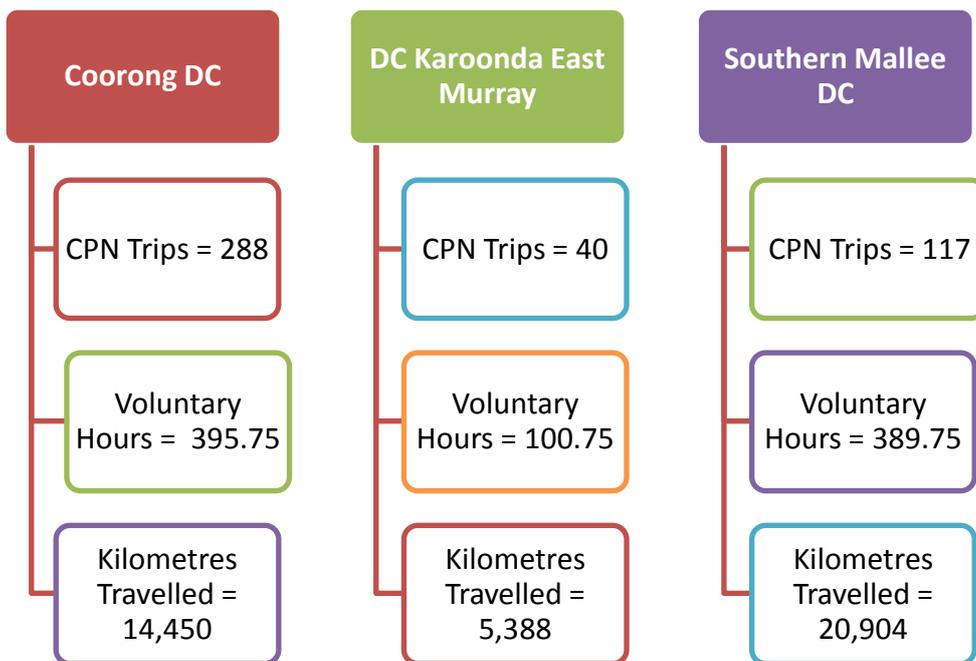
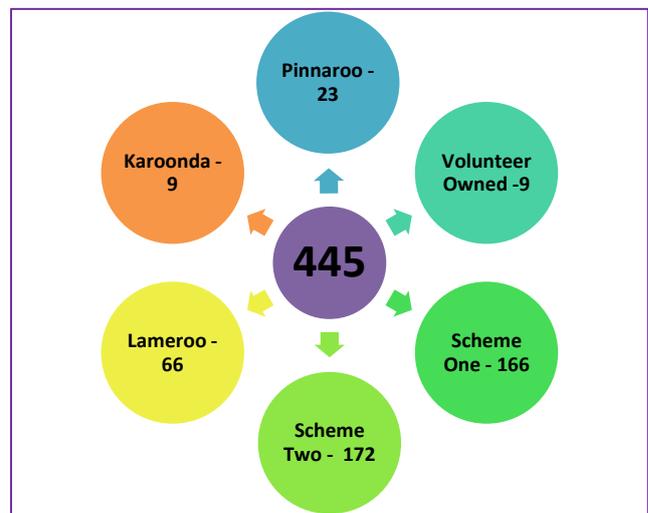
Half of the client fees collected while using these vehicles is given back to the Mallee Health Service on an annual basis.



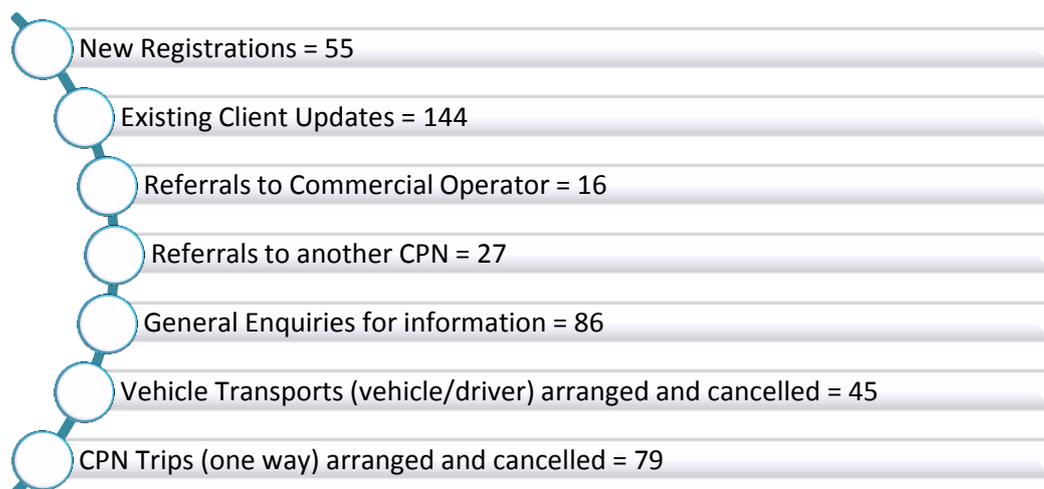
The table below is a summary of the total number of the kilometres traveled by each vehicle and volunteer hours over the past 12 months from 1st July 2017 to 30th June 2018

| <i>Vehicle used</i> | <i>Kilometres travelled</i> | <i>Volunteer hours</i> |
|----------------------|-----------------------------|------------------------|
| Scheme One | 9,475 | 241.25 |
| Scheme Two | 14,189 | 321 |
| Karoonda | 1,443 | 28.75 |
| Lameroo | 11,073 | 212.25 |
| Pinnaroo | 4,099 | 75 |
| Volunteer Own | 463 | 8 |
| TOTALS | 40,742 | 886.25 |

The summary to the right is a total of passenger trips that have been undertaken by clients per vehicle from 1st July 2017 - 30th June 2018. A return passenger trip is referred to as two (2) one way trips. Passenger trips are slightly up from the year before.



The current client data base has remained fairly steady over the past year sitting at around 500 active clients. The following information is a brief summary of what has been recorded over the past 12 months.



Reasons why people travelled over the past 12 months included:

- ✚ Ad-hoc general medical/health appointments – GP, dentist, podiatry etc
- ✚ Specialist appointments
- ✚ Shopping
- ✚ Banking
- ✚ Attending community events or functions
- ✚ Visiting friends

The following is a snapshot of the average time to complete a task:

| | |
|--|---|
| <i>Time to Complete a New Registration</i> | <i>30 – 45 minutes - depending on complex (health) need</i> |
| <i>Time to Complete an Existing Client Update</i> | <i>20 – 30 minutes – depending on level of information recorded</i> |
| <i>Time to Complete Each CPN Client Trip Request</i> | <i>15 – 45 minutes – allocate/source vehicle and driver – can take longer if appointment details need to be checked or if transport is more complex</i> |
| <i>Completion of paperwork for CPN Client Trips</i> | <i>10 minutes</i> |
| <i>Time to complete an information request/enquiry</i> | <i>5 – 15 minutes</i> |
| <i>Time to Complete a Brokered Trip</i> | <i>10 – 15 minutes</i> |

Up until the 30th June 2018 MMCTS have had a close working relationship with Mid Murray CPN - Murray Transport Connections (MTC) based at Mannum and Coorong Coaches. Maintaining a good working relationship with clear and concise communication between our services is vital in assisting us to provide an efficient and professional service for all of our clients.

Clients from the Council regions of Coorong, Southern Mallee, Karoonda East Murray, Tatiara and Rural City of Murray Bridge may be eligible for transport on the Murray-Mallee Medical Bus. The Contract for this service is specifically between Public Transport and the owner/operator of Coorong Coaches, Peter and Margaret Stone from Keith with the CPN being identified as a booking location. MMCTS have been coordinating bookings for 4 out of the 5 Council regions for the past 18 years. As from the 1 July 2018 MMCTS will be providing the booking location for all 5 Council regions eligible to use the Medical Bus.

This service is wheelchair accessible and travel is for medical appointments only, it operates Monday to Friday excluding public holidays and is contracted to run 48 weeks of the year. Carers or companions travel for free providing they are caring for someone at the time and do not have an appointment themselves on the same day and they must remain with the person.

Some of the roles and responsibilities of MMCTS staff have in relation to the Medical Bus include:

- ascertaining client eligibility, complete a client registration & inform clients of MAC procedure
- coordinate bookings and forward bookings to Coorong Coaches
- coordinate and liaise with medical facilities – such as aligning appointments to Medical Bus time frames, seeking transport authorisation forms from hospitals when a person is being discharged or has had a surgical procedure to ensure the person is safe for transport and when necessary arrange alternate travel and accommodation options
- track and record transgressions, late cancellations and “no-shows” & manage grievance process



Reporting Medical Bus patronage has not normally been a requirement for MMCTS to complete as this reporting sits with the Provider, however MMCTS do record all transports. This information can also be used as a reference for internal reporting and ascertaining travel patterns

Apart from the 445 CPN trips that were provided by a CPN volunteer driven vehicle, staff also coordinated another 835 Brokered Trips to the Murray-Mallee Medical Bus which were completed.

There were a further 147 Brokered Trips arranged but cancelled trips during the same time.

Reasons people traveled on the Medical Bus included:

- + Ad-hoc general medical/health
- + Specialist appointments
- + Radiotherapy
- + Chemotherapy
- + Renal



I would like to take this opportunity to extend very sincere thanks to MMCTS Administration Officers Annyse McFee and Robyn Mayfield for their support, encouragement and providing frontline office management during some quite difficult times. Robyn has had a couple of challenging moments in the past 6 months while learning the role, she maintains professionalism and empathy towards clients, has a good report with volunteers and very sound work ethics.

We are very fortunate to work alongside so many diverse organisations many of whom have become very familiar faces offering support, guidance, advice, encouragement or just a listening ear. Without this networking we would not be able to continue to provide and deliver the services that are presently available.

Robyn and I would like to extend a very sincere thank you to;

- MMCTS volunteers
- MMCTS Management Board Members
- Clients of the Transport Scheme
- CPN Coordinators
- Country Health Connect
- Coorong Coaches
- Link SA
- Department of Planning Transport and Infrastructure – Public Transport Operations and Planning
- Department for Human Services
- Tailem Bend Community Centre Coordinator, staff and volunteers
- Staff of the District Council of Karoonda East Murray
- Staff of the Southern Mallee District Council
- Staff of Coorong District Council

The Murray Mallee Community Transport Scheme connects communities and the people living within those communities to vital appointments, events and also enables them to access some very basic needs while maintaining a certain amount of independence.

This service has upheld and maintained a high level of professionalism during some very demanding and stressful times. We will endeavor to maintain our strength and further develop and grow within the community through the valuable connections that we have with current service providers and local organisations.

Helen Luke
CPN Regional Coordinator
Murray Mallee Community Transport Scheme

SERVICES BY LGA and TOWN

Murray Mallee CPN -Vehicle Only Trips

| <u>SOUTHERN MALLEE DC</u> | 1 Way Trips | Hours | Pvte Km | Business Km | Total Km |
|--|-------------|---------------|---------|-------------|-------------|
| Town | | | | | |
| <u>1 July 2017- 30 September 2017</u> | | | | | |
| Lameroo | 17 | 55.75 | | 2943 | 2943 |
| Pinnaroo | 2 | 4.75 | | 192 | 192 |
| Parilla | 2 | 6 | | 418 | 418 |
| TOTALS | 21 | 66.5 | | 3553 | 3553 |
| <u>1 October 2017- 31 December 2017</u> | | | | | |
| Lameroo | 18 | 67.5 | | 3268 | 3268 |
| Pinnaroo | 9 | 26.25 | | 1487 | 1487 |
| TOTALS | 27 | 93.75 | | 4755 | 4755 |
| <u>1 January 2018-31 March 2018</u> | | | | | |
| Lameroo | 21 | 65.75 | | 3893 | 3893 |
| Pinnaroo | 10 | 25 | | 1420 | 1420 |
| Parilla | 6 | 28.5 | | 1442 | 1442 |
| TOTALS | 37 | 119.25 | | 6755 | 6755 |
| <u>1 April 2018- 30 June 2018</u> | | | | | |
| Lameroo | 17 | 55.25 | | 2745 | 2745 |
| Pinnaroo | 12 | 42 | | 2411 | 2411 |
| Parilla | 3 | 13 | | 685 | 685 |
| TOTALS | 32 | 110.25 | | 5841 | 5841 |

| <u>DC KAROONDA EAST MURRAY</u> | 1 Way Trips | Hours | Pvte Km | Business Km | Total Km |
|--|-------------|--------------|-----------|-------------|-------------|
| Town | | | | | |
| <u>1 July 2017- 30 September 2017</u> | | | | | |
| Karoonda | 6 | 13 | | 685 | 685 |
| Wynarka | 4 | 11.25 | | 527 | 527 |
| TOTALS | 10 | 24.25 | | 1212 | 1212 |
| <u>1 October 2017- 31 December 2017</u> | | | | | |
| Karoonda | 10 | 23.75 | | 1373 | 1373 |
| Marama | 2 | 8 | | 392 | 392 |
| TOTALS | 12 | 31.75 | | 1765 | 1765 |
| <u>1 January 2018-31 March 2018</u> | | | | | |
| Karoonda | 5 | 12.75 | | 767 | 767 |
| Borrika | 1 | 1.5 | | 99 | 99 |
| Wynarka | 2 | 6.75 | | 348 | 348 |
| TOTALS | 8 | 21 | | 1214 | 1214 |
| <u>1 April 2018- 30 June 2018</u> | | | | | |
| Karoonda | 10 | 23.75 | 44 | 1153 | 1197 |
| TOTALS | 10 | 23.75 | 44 | 1153 | 1197 |

Murray Mallee CPN -Vehicle Only Trips

| <u>COORONG DC</u> | 1 Way Trips | Hours | Pvte Km | Business Km | Total Km |
|--|-------------|--------------|---------|-------------|-------------|
| Town | | | | | |
| <u>1 July 2017- 30 September 2017</u> | | | | | |
| Tailem Bend | 102 | 123.25 | | 3441 | 3441 |
| Coorong (Salt Creek) | 1 | 1.25 | | 105 | 105 |
| Meningie | 9 | 18.25 | | 1010 | 1010 |
| Narrung | 2 | 7.75 | | 370 | 370 |
| Coonalpyn | 4 | 5.5 | | 419 | 419 |
| TOTALS | 118 | 156 | | 5345 | 5345 |
| <u>1 October 2017- 31 December 2017</u> | | | | | |
| Tailem Bend | 50 | 64.75 | | 1948 | 1948 |
| Coonalpyn | 4 | 7.5 | | 477 | 477 |
| Meningie | 4 | 6 | | 308 | 308 |
| TOTALS | 58 | 81.25 | | 2928 | 2928 |
| <u>1 January 2018-31 March 2018</u> | | | | | |
| Tailem Bend | 51 | 66.25 | | 2298 | 2298 |
| Meningie | 6 | 12.25 | | 730 | 730 |
| TOTALS | 57 | 78.5 | | 3136 | 3136 |
| <u>1 April 2018- 30 June 2018</u> | | | | | |
| Tailem Bend | 51 | 69.75 | | 2298 | 2298 |
| Narrung | 4 | 10.25 | | 743 | 743 |
| TOTALS | 55 | 80 | | 3041 | 3041 |

| <i>Organisation</i> | <i>Relationship to CPN</i> |
|---|--|
| Commonwealth Home Support Program | External Funding |
| Department for Human Services | Contractual relationship, IT support and funding body |
| Department of Planning, Transport and Infrastructure - Public Transport Operations and Planning | Volunteer Accreditation Support, funding, Murray-Mallee Medical Bus Contract |
| Coorong District Council | Financial contribution, administration support |
| Southern Mallee District Council | Financial contribution |
| District Council of Karoonda East Murray | Financial contribution |
| MMCTS Management Board | Operationally oversee management of Murray Mallee CPN at a strategic level |
| CPN Regional Coordinator | Manage Murray Mallee CPN at an operation level |
| Administration Officer | Administration duties of Murray Mallee CPN & CPN Regional Coordinator support |
| Volunteers | Accredited volunteer drivers for client transport and assist CPN with vehicle movements and event attendance along with client support |
| Link SA | Brokerage services/Public Transport |
| Coorong Coaches | Murray-Mallee Medical Bus brokerage services |
| Mallee Community Health Service – Country Health Connect | Vehicle resource |
| Clients | Fee for service - fees assist with vehicle running costs |

Staff of the Murray Mallee Community Transport Scheme (MMCTS) has involvement with several groups or committees within the region either as a listed member of the group / committee or by providing an administrative role. These include –

- MMCTS Management Board
- Riverland Mallee Coorong Taskforce
- CPN Regional Coordinator meetings/Conferences

MMCTS staff has attended various community / organisational functions during the year along with the usual meetings. Some functions include the Karoonda Farm Fair & training days.

Murray Mallee Community Transport Scheme Management Board Members

| | <i>Representative Organisation</i> |
|---|---|
| Deputy Mayor Cr. Neville Pfeiffer – Chairperson | Southern Mallee District Council |
| Cr. John Wooldridge | District Council of Karoonda East Murray |
| Cr. Vern Leng | Coorong District Council |
| No Representative | Disability |
| Lianne Brewin | Carers SA |
| Brian Lloyd | Client of the Transport Scheme |
| Margie Arbon | Health Provider |
| Ian Qualmann | Veterans |
| Kylie Constant | Commercial Operator |
| Peter Le Gallou – Vice Chairperson | Volunteers |
| Judy Thompson | Senior Finance Officer Coorong District Council |
| Helen Luke | MMCTS Staff |
| Annyse McFee – Robyn Mayfield | MMCTS Staff – Board Secretary |

Murray Mallee Community Transport Scheme (MMCTS) was originally established under Section 200 of the Local Government Act 1934 and continues as a Regional Subsidiary, Section 43 of the Local Government Act 1999. MMCTS operations is subject to the direction of the Management Board acting on behalf of Coorong District Council, Southern Mallee District Council and District Council of Karoonda East Murray (the Constituent Councils) MMCTS Management Board currently comprises interested members of the community, service providers and a representative from each of the Constituent Councils.

The Management Board meets bi-monthly at Tailern Bend and the Annual General Meeting is usually held in September of each year. It was very disappointing not to be able to source a Disability representative over the past year.

A copy of the Murray Mallee Community Transport Scheme Regional Subsidiary Charter was published in SA Government Gazette on Thursday 13th September 2012 (pages 4411 – 4415)

www.governmentgazette.sa.gov.au

MURRAYLANDS TRANSPORT ADVISORY COMMITTEE MEMBERS

Members of the Murraylands Transport Advisory Committee moved the following motion on Monday 25th September of 2017:

7.2 – Cr. Sakko moved “that it is the view of this Committee that the original Terms of Reference no longer apply due to changes within Local and State Government. This Committee also recognises that the area is now serviced adequately & appropriately by the local CPN’s. Therefore it is the recommendation of this Committee that the Murraylands Transport Advisory Committee is dissolved and that Member Council consider this recommendation”

Seconded – Cr. Wright

Member Councils did agree to the above motion so therefore this Committee no longer exists.

The Advisory Committee changed its title from Murray Mallee Transport Advisory Committee to Murraylands Advisory Committee in November 2015.

PURPOSE

The key purpose of the Committee, subject to suitable resources is to monitor and evaluate the passenger transport services established through the Murraylands. To achieve this, the key roles and responsibilities of the Transport Advisory Committee are to:

- ❖ Advise DPTI-PTOP, DCSI and the Councils of Coorong, Southern Mallee, Karoonda East Murray, Mid Murray and Rural City of Murray Bridge within the area of the operation of passenger transport services in the Murraylands area with the emphasis on their responsiveness to community needs; and
- ❖ Identify current and future issues impacting on the delivery of transport services and develop strategies to address these issues where possible; and
- ❖ Have a collaborative association with adjoining Community Passenger Networks (referred to as CPN) to work to the benefit of the region; and
- ❖ Awareness and advocacy of passenger transport services at a local government level.



Administration Officer, Annyse McFee began work at MMCTS on Monday 3 November 2014 and resigned from her role on Friday 27th October 2017 to take up a position in retail that was closer to her home location and would give her more time with family. Annyse's very positive outlook and happy demeanour has been surely missed by many of our clients. She has changed jobs since leaving MMCTS however remains positive and happy.

After Annyse's unexpected departure MMCTS undertook the daunting task of advertising for a new Administration Officer. After searching through many applications and undertaking several interviews, Robyn Mayfield was appointed to the position on Tuesday 9th January 2018. Robyn has settled into the role exceptionally well, knows the area very well, takes initiative, works well under pressure and engages well with both clients and volunteers. Robyn has been an invaluable asset to me and to MMCTS.

CPN Regional Coordinator, Helen Luke has been with the Transport Scheme for 13 years has a background in health, disability and aged care and is a volunteer of SA Ambulance Service (SAAS) with the Taillem Bend team. Helen is a Regional Educator with SAAS Clinical Education to assist with student training and education. Helen has two adult sons, has lived locally in the area for many years and has a sound understanding of the issues within the area that people face in regards limited transport within the region and is passionate about community.

VOLUNTEER APPRECIATION LUNCHEON

I thoroughly enjoy organising the Volunteer Appreciation Luncheon it is always such a privilege to recognise one of our most valuable resources. The luncheon is held on an annual basis, and is a way of recognising our volunteers to say "Thank-you" to the very dedicated and hardworking team of people who freely give their time to fill many hours of driving for our transport disadvantaged. It is also a chance for them to get together and network with one another in a social setting in a relaxed and casual atmosphere.

They are an amazing team working quietly in their communities and without their continued efforts we would not be able to provide the services that we do.

Unfortunately not everyone can attend due to sporting, work or family commitments however those that are able to make it have a great time catching up, sharing ideas and strengthening friendships.

The 2017 luncheon was held at Old Taillem Town in Taillem Bend on 7th October. The volunteers shared a fantastic meal catered for by The Friends of the Hospital, great company, fantastic food and many stories told while reminiscing about yesteryear given the setting while walking around Old Taillem Town.



There still remains minimal public transport options within the MMCTS service area of Coorong, Southern Mallee and Karoonda East Murray Council regions which is around 19,246 square kilometres in total. So therefore the Community Transport plays a vital role for community support, awareness and development. With the limited options available to the community, ensuring that the community have access to up to date information that is suitable to their individual needs is vital to their health, general well-being as well as social inclusiveness. The transport that does exist in the area is mainly Monday to Friday with little or no options available over the weekends, public holidays and during school holidays.



Murray-Mallee Medical Bus

Peter and Margaret Stone from Keith who own Stones Bus Service and Coorong Coaches currently operate the Murray-Mallee Medical bus. This is a dedicated medical service using a nine (9) seater wheelchair accessible bus from Keith to Adelaide each week day for 48 weeks of the year, excluding public holidays. This service usually closes for four (4) weeks over Christmas and New Year. The service is available to eligible people living within the Council areas of Tatiara, Coorong, Southern Mallee, Karoonda East Murray and Rural City of Murray Bridge. MMCTS are a booking agent for four (4) out of the five (5) Council areas. The eligibility criteria includes

- unable to drive and
- unable to access family or friends and
- not able to access public transport due to a mobility issue

Eligibility is assessed by MMCTS staff at the time of enquiry or each transport request as circumstances may have changed since the last transport. The service is door to door but for those clients who live outside of the main Medical Bus travel area MMCTS make arrangements to link these people in at a pre-arranged location via public transport, own transport, other Service Providers or a CPN owned or accessed vehicle with a volunteer driver. Depending on eligibility many of our clients are able to travel to a prearranged destination then transfer to the Medical Bus. This service plays an extremely valuable role for people living in regional areas.



Left - Murray-Mallee Medical Bus

Transport within Southern Mallee District Council

| <i>Service Provider</i> | <i>When</i> |
|-----------------------------------|--|
| Community Passenger Network (CPN) | MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies which will be assessed at the time of booking transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Murray-Mallee Medical Bus | Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus does not travel through the Southern Mallee Council area, however clients are linked into this service through MMCTS volunteers, public transport or the person meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Link SA Public transport | Murrayville to Murray Bridge – Monday → Friday (all time tables change during school holidays) Karoonda to Berri via Lameroo & Pinnaroo – Thursday only Phone – 8532 2633 for bookings Website – www.linksa.com.au |
| V- Line Speedlink | Adelaide to Melbourne (change to train at Bendigo) – Daily via Mallee Hwy Melbourne (by train and change to bus at Bendigo) to Adelaide – Daily via Mallee Hwy Phone – 1800 800 007 for bookings Website – www.vline.com.au |

Transport within District Council of Karoonda East Murray

| <i>Service Provider</i> | <i>When</i> |
|-----------------------------------|---|
| Community Passenger Network (CPN) | MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies and will be assessed at the time of booking transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Murray Mallee Medical Bus | Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus does not travel through the Karoonda East Murray Council area, however clients are linked into this service through MMCTS volunteers, public transport or people meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Link SA Public transport | Karoonda to Murray Bridge via Taillem Bend – Friday only (all time tables change during school holidays) Karoonda to Berri via Lameroo & Pinnaroo – Thursday only Phone – 8532 2633 for bookings Website – www.linksa.com.au |

Transport within Coorong District Council

| <i>Service Provider</i> | <i>When</i> |
|-----------------------------------|--|
| Community Passenger Network (CPN) | MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies and will be assessed at the time of requesting transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Murray Mallee Medical Bus | Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus travels along the main highways (Dukes & Princes) Clients are linked into this service through MMCTS volunteers, public transport or people meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au |
| Link SA Public transport | Coonalpyn to Murray Bridge via Meningie & Wellington – Monday → Friday Culburra to Murray Bridge via Taillem Bend – Monday → Friday Murrayville to Murray Bridge via Mallee Highway – Monday → Friday Tintinara to Murray Bridge via Coonalpyn & Taillem Bend – Thursday only Karoonda to Murray Bridge via Taillem Bend – Friday only (all time tables change during school holidays) Phone – 8532 2633 for bookings Website – www.linksa.com.au |
| Link SA | Taillem Bend – Heated Pool – Monday Day Centre – Tuesday and Wednesday Intra town shopping bus – Thursday Phone – 8532 2633 to check currency and to make booking Website – www.linksa.com.au |
| Premier Stateliner | Adelaide to Mt. Gambier - Daily – via Coast – Princes Hwy Mt. Gambier to Adelaide – Daily – via Coast – Princes Hwy Adelaide to Mt. Gambier – Daily – inland – Dukes Hwy Mt. Gambier to Adelaide – Daily – inland – Dukes Hwy Phone – 8415 5555 - bookings General Enquiries – (08) 8415 5500 - bookings Website – www.premierstateliner.com.au |
| Firefly | Adelaide to Melbourne (daylight) – Daily via Princes & Dukes Hwy Adelaide to Melbourne (overnight) – Daily via Princes & Dukes Hwy Phone – 1800 800 007 to make booking Website – www.fireflyexpress.com.au |

As part of on-going operations the Murray Mallee Community Transport Scheme adheres to, but is not limited to, the following legislation:

- Disability Services Act 1993
- Volunteers Protection Act (SA) 2001
- Work Health and Safety Regulations 2012 (SA)
- Equal Opportunity Act (SA) 1984
- Fair Work Act 1994
- Passenger Transport Act (SA) 1994
- Passenger Transport Regulations (SA) 2009
- Road Traffic Act (SA) 1961
- State Records Act (SA) 1997
- State Records Regulations (SA) 2013
- Carer Recognition Act (Cwth) 2010
- Carer Recognition Act (SA) 2005
- Local Government Act 1999
- Freedom of Information 1991

Attachment

The following pages in the attachment relate to:

- MMCTS Independent Auditors Report 2017-2018
- MMCTS Audited Financials 2017-2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

Qualified Opinion

We have audited the accompanying financial report of the Murray Mallee Community Transport Scheme, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial report gives a true and fair view of the financial position of the Murray Mallee Community Transport Scheme as of 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the scheme to maintain an effective system of internal control over receipts until their initial entry in the accounting records. Accordingly, our audit in relation to receipts was limited to the amounts recorded.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the entity's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the entity in accordance with 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.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 25th day of September 2018

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

S.43 Regional Subsidiary Members

General Purpose Financial Reports for the year ended 30 June 2018

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MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Murray Mallee Community Transport Scheme's 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 Murray Mallee Community Transport Scheme's financial position at 30 June 2018 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 Murray Mallee Community Transport Scheme's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Murray Mallee Community Transport Scheme's accounting and other records.


.....
Neville Pfeiffer
MMCTS CHAIRPERSON


.....
Helen Luke
REGIONAL CO-ORDINATOR MMCTS

Date: 12 September 2018

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|----------------|----------------|
| INCOME | | | |
| User charges | 2 | 9,584 | 6,133 |
| Grants, subsidies and contributions | 2 | 197,534 | 183,387 |
| Investment income | 2 | 3,830 | 3,487 |
| Reimbursements | 2 | 2,897 | 297 |
| Total Income | | <u>213,845</u> | <u>193,304</u> |
| EXPENSES | | | |
| Employee costs | 3 | 122,574 | 129,578 |
| Materials, contracts & other expenses | 3 | 48,858 | 39,743 |
| Depreciation, amortisation & impairment | 3 | 6,789 | 7,541 |
| Total Expenses | | <u>178,222</u> | <u>176,862</u> |
| OPERATING SURPLUS / (DEFICIT) | | 35,623 | 16,441 |
| Asset disposal & fair value adjustments | 4 | - | 3,807 |
| NET SURPLUS / (DEFICIT) transferred to Equity Statement | | <u>35,623</u> | <u>20,248</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>35,623</u> | <u>20,248</u> |

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2018

| ASSETS | Notes | 2018 \$ | 2017 \$ |
|---|-------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 5 | 219,654 | 203,307 |
| Trade & other receivables | 5 | 185 | |
| Infrastructure, property, plant & equipment | 7 | 34,418 | |
| | | <u>254,257</u> | <u>203,307</u> |
| Total Current Assets | | | |
| Non-current Assets | | | |
| Infrastructure, property, plant & equipment | 7 | | 41,207 |
| | | <u>-</u> | <u>41,207</u> |
| Total Non-current Assets | | | |
| | | <u>254,257</u> | <u>244,514</u> |
| Total Assets | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & other payables | 8 | 5,963 | 27,602 |
| Provisions | 8 | 24,003 | 28,244 |
| | | <u>29,966</u> | <u>55,846</u> |
| Total Current Liabilities | | | |
| | | <u>29,966</u> | <u>55,846</u> |
| Total Liabilities | | | |
| | | <u>224,291</u> | <u>188,668</u> |
| NET ASSETS | | | |
| EQUITY | | | |
| Accumulated Surplus | | 224,291 | 188,668 |
| | | <u>224,291</u> | <u>188,668</u> |
| TOTAL EQUITY | | | |

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

| | Notes | Accumulated Surplus \$ | TOTAL EQUITY \$ |
|---|-------|------------------------------|-----------------------|
| 2018 | | | |
| Balance at end of previous reporting period | | 188,668 | 188,668 |
| Net Surplus / (Deficit) for Year | | 35,623 | 35,623 |
| Balance at end of period | | <u>224,291</u> | <u>224,291</u> |
| 2017 | | | |
| Balance at end of previous reporting period | | 168,420 | 168,420 |
| Net Surplus / (Deficit) for Year | | 20,248 | 20,248 |
| Balance at end of period | | <u>188,668</u> | <u>188,668</u> |

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF CASH FLOWS for the year ended 30 June 2018

| CASH FLOWS FROM OPERATING ACTIVITIES | Notes | 2018 \$ | 2017 \$ |
|---|-------|----------------|-----------------|
| <u>Receipts</u> | | | |
| User charges | | 9,584 | 6,133 |
| Investment receipts | | 3,830 | 3,487 |
| Grants utilised for operating purposes | | 197,534 | 183,387 |
| Reimbursements | | 2,897 | 297 |
| <u>Payments</u> | | | |
| Employee costs | | (122,574) | (129,578) |
| Materials, contracts & other expenses | | (73,732) | (25,043) |
| Net Cash provided by (or used in) Operating Activities | | 17,539 | 38,683 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Sale of replaced assets | | - | 12,727 |
| <u>Payments</u> | | | |
| Expenditure on renewal/replacement of assets | | - | (24,214) |
| Net Cash provided by (or used in) Investing Activities | | - | (11,487) |
| Net Increase (Decrease) in cash held | | 17,539 | 27,196 |
| Cash & cash equivalents at beginning of period | | 202,116 | 174,920 |
| Cash & cash equivalents at end of period | 5 | 219,654 | 202,116 |

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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* dated 12th September 2018.

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 MMCTS'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

Murray Mallee Community Transport Scheme (MMCTS) is a Regional Subsidiary under Section 43 and schedule 2 of the Local Government Act 1999. The constituent MMCTSs of the MMCTS are Coorong District MMCTS, Southern Mallee District MMCTS and the District MMCTS of Karoonda/ East Mallee. The principal place of business is at 73 Railway Terrace, Taillem Bend. All the funds which the MMCTS controls to carry on its function have been included in this financial report.

3 Income Recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the MMCTS's operations for the current reporting period.

4 Cash, Cash Equivalents and Other Financial Instruments

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

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.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

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

5.2 Materiality

No capitalisation thresholds exist for assets with an economic life in excess of one year.

5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in the manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of assets are shown below:

| <u>Plant, Furniture & Equipment</u> | |
|---|---------------|
| Office Equipment | 3 to 10 years |
| Vehicles | 4 to 8 years |

5.4 Impairment

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).

6 Payables

6.1 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.

7 Employee Benefits

7.1 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 oncosts) 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 oncosts) 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.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

No accrual is made for sick leave as MMCTS 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. MMCTS does not make payment for untaken sick leave.

7.2 Superannuation

The MMCTS 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 MMCTS's involvement with the schemes are reported in Note 15.

8 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.

9 Pending Accounting Standards

In the current year, MMCTS adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to MMCTS's accounting policies.

MMCTS has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year MMCTS has applied AASB 124 Related Party Disclosures for the first time. As a result MMCTS has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 13.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

17 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

18 Disclaimers

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not MMCTS's intention to adopt this Standard early.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 2 - INCOME

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|----------------|----------------|
| USER CHARGES | | | |
| Client Contributions | | 9,584 | 6,133 |
| | | <u>9,584</u> | <u>6,133</u> |
| INVESTMENT INCOME | | | |
| Interest on investments | | | |
| Local Government Finance Authority | | 3,830 | 3,487 |
| | | <u>3,830</u> | <u>3,487</u> |
| REIMBURSEMENTS | | | |
| - other | | 2,897 | 297 |
| | | <u>2,897</u> | <u>297</u> |
| GRANTS, SUBSIDIES, CONTRIBUTIONS | | | |
| Other grants, subsidies and contributions | | 197,534 | 183,387 |
| | | <u>197,534</u> | <u>183,387</u> |
| <i>The functions to which these grants relate are shown in Note 12.</i> | | | |
| Sources of grants | | | |
| State government | | 158,733 | 145,082 |
| Other | | 38,801 | 38,305 |
| | | <u>197,534</u> | <u>183,387</u> |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|----------------|----------------|
| EMPLOYEE COSTS | | | |
| Salaries and Wages | | 113,723 | 122,740 |
| Employee leave expense | | (4,241) | (3,675) |
| Superannuation - defined contribution plan contributions | 15 | 8,491 | 6,451 |
| Superannuation - defined benefit plan contributions | 15 | 1,985 | 4,062 |
| Workers' Compensation Insurance | | 2,616 | |
| Total Operating Employee Costs | | 122,574 | 129,578 |
| Total Number of Employees | | 2 | 2 |
| <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 | | 2,600 | 922 |
| Subtotal - Prescribed Expenses | | 2,600 | 922 |
| <u>Other Materials, Contracts & Expenses</u> | | | |
| Contractors | | 24,225 | 22,925 |
| Energy | | 696 | 635 |
| Other Materials | | 2,524 | 1,646 |
| Fuel | | 3,058 | 1,921 |
| Vehicle Other Costs | | 3,631 | 2,700 |
| Telephone | | 3,037 | 3,347 |
| Insurance | | 1,009 | 1,955 |
| Other Costs | | 8,078 | 3,693 |
| Subtotal - Other Materials, Contracts & Expenses | | 46,258 | 38,821 |
| | | 48,858 | 39,743 |
| DEPRECIATION, AMORTISATION & IMPAIRMENT | | | |
| Depreciation | | | |
| Motor Vehicles | | 6,231 | 6,743 |
| Office Equipment | | 559 | 798 |
| | | 6,789 | 7,541 |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|------------|--------------|
| INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | | |
| <i>Assets renewed or directly replaced</i> | | | |
| Proceeds from disposal | | | 12,727 |
| Less: Carrying amount of assets sold | | | 8,920 |
| Gain (Loss) on disposal | | <u>-</u> | <u>3,807</u> |
| NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS | | <u>-</u> | <u>3,807</u> |

Note 5 - CURRENT ASSETS

| | Notes | 2018 \$ | 2017 \$ |
|--------------------------------------|-------|----------------|----------------|
| CASH & EQUIVALENT ASSETS | | | |
| Cash on Hand | | 200 | 200 |
| Cash at Bank | | 219,454 | 203,107 |
| | | <u>219,654</u> | <u>203,307</u> |
| TRADE & OTHER RECEIVABLES | | | |
| GST Recoupment | | 185 | |
| Total | | <u>185</u> | <u>-</u> |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| Fair Value Level | 2017 \$ | | | | 2018 \$ | | | |
|------------------------------------|---------------|---------|-------------|-----------------|---------------|---------|-------------|-----------------|
| | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT |
| Motor Vehicles | | 44,924 | (4,275) | 40,649 | | 44,924 | (10,506) | 34,418 |
| Office Equipment | | 2,887 | (2,329) | 558 | | 2,887 | (2,887) | - |
| TOTAL PLANT & EQUIPMENT | | 47,811 | (6,604) | 41,207 | | 47,811 | (13,393) | 34,418 |
| <i>Comparatives</i> | | 57,949 | (24,489) | 33,460 | | 47,811 | (6,604) | 41,207 |

| 2018 \$ | CARRYING AMOUNT MOVEMENTS DURING YEAR \$ | | | | | | | CARRYING AMOUNT |
|---------------------|---|-----------|----------|----------------|--------------|-----------|---|-----------------|
| | CARRYING AMOUNT | Additions | | Disposals | Depreciation | Transfers | | |
| New/Upgrade | | Renewals | In | | | Out | | |
| 40,654 | - | | | (6,231) | - | - | - | 34,423 |
| 558 | - | | | (559) | - | - | - | - |
| 41,212 | - | | | (6,789) | - | - | - | 34,423 |
| <i>Comparatives</i> | | 20,710 | (10,885) | (7,445) | | | | 41,212 |

This Note continues on the following pages.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7 - LIABILITIES

| | Notes | 2018 | | 2017 | |
|---|-------|---------------|-------------|---------------|-------------|
| | | Current | Non-current | Current | Non-current |
| TRADE & OTHER PAYABLES | | | | | |
| Goods & Services | | 4,039 | | 24,580 | |
| Accrued expenses - employee entitlements | | 1,924 | | 3,022 | |
| | | <u>5,963</u> | <u>-</u> | <u>27,602</u> | <u>-</u> |
| PROVISIONS | | | | | |
| Employee entitlements (including oncosts) | | 24,003 | | 28,244 | |
| | | <u>24,003</u> | <u>-</u> | <u>28,244</u> | <u>-</u> |

Note 8 - 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 | 2018 | 2017 |
|----------------------------------|-------|----------------|----------------|
| Total cash & equivalent assets | | 219,654 | 203,307 |
| Balances per Cash Flow Statement | | <u>219,654</u> | <u>203,307</u> |

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

| | | | |
|---|--|---------------|---------------|
| Net Surplus (Deficit) | | 35,623 | 20,248 |
| Non-cash items in Income Statement | | | |
| Depreciation, amortisation & impairment | | 6,789 | 7,541 |
| Net increase (decrease) in unpaid employee benefits | | (4,241) | 1,602 |
| Net (Gain) Loss on Disposals | | - | (3,807) |
| | | <u>38,172</u> | <u>25,584</u> |
| Add (Less): Changes in Net Current Assets | | | |
| Net (increase) decrease in receivables | | (185) | 971 |
| Net increase (decrease) in trade & other payables | | (20,448) | 12,128 |
| Net Cash provided by (or used in) operations | | <u>17,539</u> | <u>38,683</u> |

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

| | | | |
|------------------------|--|-------|-------|
| Corporate Credit Cards | | 2,000 | 2,000 |
|------------------------|--|-------|-------|

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 9 - 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 | 2018 | 2017 | 2018 | 2017 |
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | \$ | \$ | \$ | \$ |
| \$ | \$ | \$ | \$ | \$ | \$ | | | | |
| 213,845 | 193,304 | 178,222 | 176,862 | 35,623 | 16,441 | 197,534 | 183,387 | 254,257 | 244,514 |
| 213,845 | 193,304 | 178,222 | 176,862 | 35,623 | 16,441 | 197,534 | 183,387 | 254,257 | 244,514 |

Community Services

TOTALS

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

| |
|---|
| Bank, Deposits at Call, Short Term Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned. |
| Deposits |
| Terms & conditions: Deposits are returning fixed interest rates between 1.5% (2017: 1.5% and 1.75%). Short term deposits have an average maturity of 1 days and an average interest rates of 1.5% (2015: 1 days, 1.75%). |
| Carrying amount: approximates fair value due to the short term to maturity. |
| Receivables - Fees & other charges |
| 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. |
| 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. |
| Carrying amount: approximates fair value (after deduction of any allowance). |
| Liabilities - Creditors and Accruals |
| 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. |
| Terms & conditions: Liabilities are normally settled on 30 day terms. |
| Carrying amount: approximates fair value. |

Liquidity Analysis

| 2018 | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|------------------------------|----------------|----------------------------|---------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | | | | | |
| Cash & Equivalents | 219,654 | | | 219,654 | 219,654 |
| Receivables | 185 | | | 185 | 185 |
| Total | 219,839 | - | - | 219,839 | 219,839 |
| Financial Liabilities | | | | | |
| Payables | 4,039 | | | 4,039 | 4,039 |
| Total | 4,039 | - | - | 4,039 | 4,039 |
| 2017 | | | | | |
| | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
| | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | | | | | |
| Cash & Equivalents | 203,307 | | | 203,307 | 203,307 |
| Receivables | | | | - | - |
| Total | 203,307 | - | - | 203,307 | 203,307 |
| Financial Liabilities | | | | | |
| Payables | 24,580 | | | 24,580 | 24,580 |
| Total | 24,580 | - | - | 24,580 | 24,580 |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 11 - FINANCIAL INDICATORS

| | 2018 | 2017 | 2016 |
|--|------|------|------|
|--|------|------|------|

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

| | | | |
|--------------------------|-----|----|-----|
| <u>Operating Surplus</u> | 17% | 9% | 13% |
| Total Operating Revenue | | | |

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

Adjusted Operating Surplus Ratio

| | | | |
|--|-----|----|-----|
| | 17% | 9% | 13% |
|--|-----|----|-----|

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

Net Financial Liabilities Ratio

| | | | |
|----------------------------------|-------|-------|-------|
| <u>Net Financial Liabilities</u> | (89%) | (76%) | (62%) |
| Total Operating Revenue | | | |

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

Asset Sustainability Ratio

| | | | |
|--|----|----|----|
| <u>Net Asset Renewals</u> | 0% | 0% | 0% |
| Infrastructure & Asset Management Plan required expenditure | * | * | * |

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.

* no asset management plans

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - 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

| | 2018 \$ | 2017 \$ |
|---|----------------------|----------------------|
| Income | 213,845 | 193,304 |
| <i>less</i> Expenses | <u>178,222</u> | <u>176,862</u> |
| Operating Surplus / (Deficit) | 35,623 | 16,441 |
| <i>less</i> Net Outlays on Existing Assets | | |
| Capital Expenditure on renewal and replacement of Existing Assets | - | 24,214 |
| Depreciation, Amortisation and Impairment | (6,789) | (7,541) |
| Proceeds from Sale of Replaced Assets | <u>-</u> | <u>(12,727)</u> |
| | (6,789) | 3,946 |
| Net Lending / (Borrowing) for Financial Year | <u>42,413</u> | <u>12,495</u> |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 13 - RELATED PARTY TRANSACTIONS

Key Management Personnel

The Key Management Personnel of the Council include the Chairman, Board Members and certain prescribed officers under section 112 of the *Local Government Act 1999*.

Key Management Personnel, do not have any relationship to business associated with the entity.

Transactions with Related Parties:

The following transactions occurred with Related Parties:

| <i>Related Party Entity</i> | <i>Sale of Services</i> | <i>Description of Services Provided to Related Parties</i> |
|--|-------------------------|--|
| Coorong District Council | \$ 24,615 | Provision for Community Transport |
| District Council of Karoonda East Murray | \$ 4,973 | Provision for Community Transport |
| Southern Mallee District Council | \$ 9,213 | Provision for Community Transport |

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5. The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have representation based on the financial support on the Board of Management and accordingly have significant influence on the financial and operating decisions of the Subsidiary.

Note 14 - EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

As of 31 December 2018, constituent Councils resolved to wind up the regional Subsidiary "Murray Mallee Community Transport Scheme" with view of an alternative provider to assume service delivery.

On winding up the Transport scheme, the net assets of the Transport Scheme are to be transferred to the Constituent Councils in the same proportion as the financial contributions made by the Constituents Councils in the financial year prior to the passing of the resolution to wind up.

| | Contribution % | Date of Adoption of Wind up |
|--|----------------|-----------------------------|
| Coorong District Council | 64.4% | 21/08/2018 |
| District Council of Karoonda East Murray | 11.6% | 11/07/2018 |
| Southern Mallee District Council | 24.0% | 30/08/2018 |

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 15 – SUPERANNUATION

The MMCTS 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 2016/17). No further liability accrues to the MMCTS 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. MMCTS 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 2016/17) of "superannuation" salary.

In addition, MMCTS 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), MMCTS does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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. represented by their share of the net assets of the scheme, and no further liability attaches to the MMCTS's contribution rates as some future time.