



ANNUAL REPORT 2019-20



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ABOUT THIS REPORT

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

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



The Year That Was

KEY HIGHLIGHTS

- Mallee Kids Child care, operational for 5 days a week
- Obtained \$45k external funding for Mallee Kids Child care
- Development of the 2040 Community Vision
- Completed 21kms of capital road renewal
- Secured \$985k for Round 2 Pest and Weeds Spraying Project
- Purchased Community Cinema equipment
- Contributed to the Karoonda District Football Club & Community Gym facility
- Construction of an emu crossing on North Terrace, Karoonda
- Commenced delivery of another \$1M of Drought Community projects. The 2019/20 projects include:
 - Installation of solar panels and solar hot water at the Wynarka Recreation Committee grounds
 - Installation of solar panels at the Karoonda Golf Club
 - Drought Support and Resilience Program
- New Economic Development, Tourism and Communications position commenced
- Commenced the Draft Economic Development and Tourism Strategy
- 'Your Local' app - Local Stimulus Initiative Project, \$10k
- Establishment of the inaugural Youth Action Committee
- Retirement Village Refurbishment
- Silver in the 2019 SA Tourism Awards for 'Colour Up Karoonda'

Your Elected Members (as at 30 June 2020)



Caroline Phillips

Mayor

Resides in Wynarka.
First elected to Council in 2010.
Deputy Mayor (2014 - 2018)
Mayor (2018 - current)
Email: Mayor@dckem.sa.gov.au



Yvonne Smith JP

Deputy Mayor / Councillor

Resides in Bowhill.
First elected to Council in 2010.
Email: CrSmith@dckem.sa.gov.au



Darren Zadow

Councillor

Resides in Galga.
First elected to Council in 2014.
Email: CrZadow@dckem.sa.gov.au



Kevin Burdett OAM

Councillor

Resides in Karoonda.
First elected to Council in 1998. Mayor (2001 to 2018)
Email: CrBurdett@dckem.sa.gov.au



Simon Martin

Councillor

Resides in Wynarka.

First elected to Council in 2018.

Email: CrMartin@dckem.sa.gov.au



Daryl Sparks

Councillor

Resides in Karoonda.

First elected to Council in 2014.

Email: CrSparks@dckem.sa.gov.au



Russell Norman

Councillor

Resides in Karoonda.

First elected to Council in 2018.

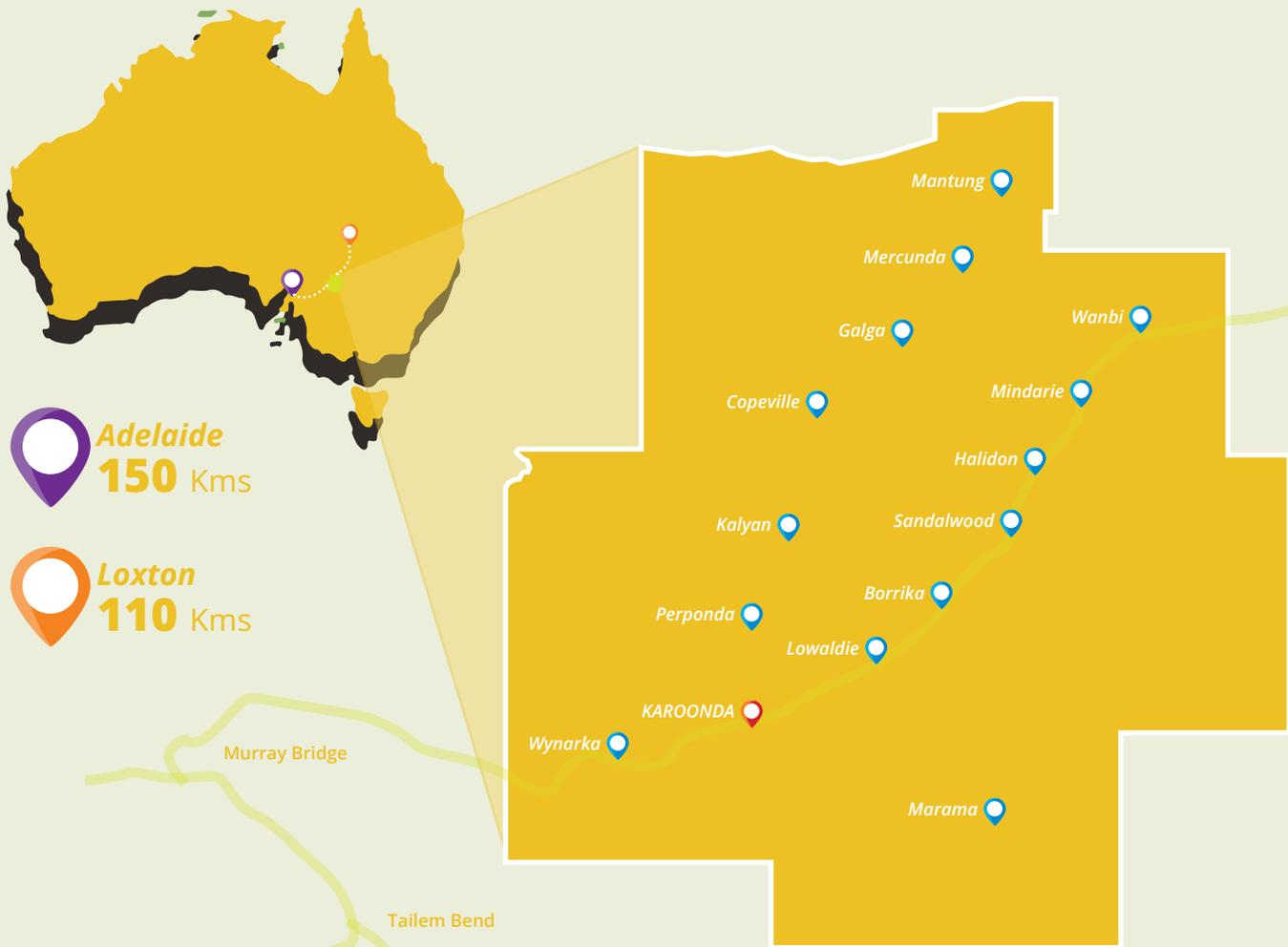
Email: CrNorman@dckem.sa.gov.au

Council

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

Agendas and Minutes

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



Located only 150km from Adelaide and 110km from Loxton, Karoonda is referred to as

“the Heart of the Mallee”

Origins of Our Community

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

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

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

Land Area
4,415
square kms

Population
1,090

**Annual
Rain Fall**



294mm

COUNCIL PROFILE

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

A Mayor and six elected members represent the population.

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

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

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

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

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

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

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

Organisation & Management



Katrina Fromm

General Manager Corporate & Community



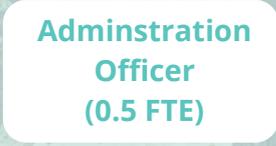
Matthew Morgan

Chief Executive Officer



Jarrod Manuel

General Manager Infrastructure & Environment



(As at 30 June 2019)

Vision, Mission & Core Values

Vision

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

Mission

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

Core Values

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

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

Services to the Community

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

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



Photo: Karoonda Hotel owner Jenny with Mayor Caroline Phillips and Your Local app developer

Council Initiatives

Throughout the year, Council conducted a number of community focused initiatives, including the COVID-19 stimulus initiative and establishing the districts first Youth Action Committee.

YOUR LOCAL APP - LOCAL STIMULUS INITIATIVE

Two of our local eateries were significantly impacted by forced closures during the COVID -19 pandemic. Council was proud to have partnered with the Karoonda Hotel and Karoonda Mini Mart providing \$5,000 worth of food orders for each business for members of the community to enjoy for free.

It was great to see the huge response received from the community and how it was able to positively contribute to these businesses through such a challenging time.



YOUTH ACTION COMMITTEE

Council was extremely excited to establish the very first Youth Action Committee in May 2019. With so many exciting projects in the pipeline the committee consisting of 5 enthusiastic young people, wasted no time getting down to business.

The committee have been involved in workshoping ideas, engaging their peers and have been hands on seeking future grant opportunities that will benefit the youth of our area.

Performance Against Annual Business Plan

Annual Business Plan Actions

Council completed many of the actions from its ABP in 2019 - 2020 which supports the Strategic Management Plan noting however that some actions are in progress or were deferred and will occur in the 2020-2021 year. Council also diverted resources to support the community and local businesses through the impact of COVID -19.

GOAL AREA 1 - PROSPEROUS		
	ACTION	STATUS
P1	Kick start district business alliance	Complete
P2	Review Council industrial and residential land availability	Complete
P3	Develop an Economic Development and Tourism Strategy	In Progress
GOAL AREA 2 - LIVEABLE		
	ACTION	STATUS
L1	Deliver a childcare service operating 5 days a week	Complete
L2	Review Council Assets (particularly roads) including classification, standards, and current condition and implement a routine system of inspection & reporting	In Progress
L3	Provide an accessible model of retirement style housing in Karoonda	Complete
L4	Review Bushfire Management Plans and fire prevention activities	Complete
GOAL AREA 3 - CONNECTED		
	ACTION	STATUS
C1	Develop a Youth Services Action Plan supported by the establishment of a Youth Action Committee	Complete
C2	Support and develop community-based activities and events that bring people together	Deferred
C3	Strengthen ties between Council and Ag industry organisations	In Progress
GOAL AREA 4 - OPPORTUNISTIC		
	ACTION	STATUS
O1	Commence review of land use and township zoning	Deferred
O2	Implement a new Community Grants program (supported grant writing)	Complete

GOAL AREA 5 - ACTIVE

	ACTION	STATUS
A1	Enhance Wanbi Playground and local amenity	In progress
A2	Provide for historical interpretation and memorabilia display through refurbishment of existing Council buildings	Deferred
A3	Support development of new and improved sporting infrastructure	Complete

GOAL AREA 6 - ECO-FRIENDLY

	ACTION	STATUS
E1	Develop a Roadside Vegetation Management Plan	In Progress
E2	Create a long term Waste and Recycling Management Strategy	In Progress
E3	Deliver a Regional Pest and Weeds Program with Southern Mallee, Loxton Waikerie and NRM	In Progress

GOAL AREA 7 - GOOD GOVERNANCE

	ACTION	STATUS
G1	Implement an elected member development and skills program	Deferred
G2	Implement new local government and corporate software to increase accuracy, reliability and timelines of data and reporting, streamline processes and customer service requests.	Complete
G3	Implement various operating plans including WHS Action Plan, HR Action Plan and Risk Management Plan	Ongoing
G4	Redevelop the Business Continuity Plan	Deferred

Further Information about your Council

COUNCIL MEETINGS

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

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

MINUTES OF COUNCIL AND COMMITTEE MEETINGS AND RELEASE OF DOCUMENTS

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

PUBLIC CONSULTATION POLICY

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

COMMUNITY CONSULTATION

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

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

CONFIDENTIALITY PROVISIONS

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

COMMITTEES

Council has the following constituted Committees in place:

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

DELEGATIONS

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

In keeping with the legislative requirement:

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

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

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

BUDGET & FINANCIAL REPORTS

The Council Auditor for the 2019/2020 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 \$8,250 ex gst. There was no other remuneration payable or paid.

ALLOWANCES PAID TO ELECTED MEMBERS

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

Allowances as at 30 June 2020 were:

Mayor

\$26,968 per annum

Deputy Mayor

\$8,428 per annum

Elected Members

\$6,742 per annum

Allowances are paid to members quarterly in arrears.

MANAGEMENT & STAFFING

The total number of employees employed by the District Council of Karoonda East Murray as at 30/06/2020 is 16, consisting of 8 full time and casual employees in the area of works of Council and 8 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

Further Information about your Council

of relevant policies and procedures.

TRAINING & DEVELOPMENT FOR MEMBERS OF COUNCIL

During 2019/2020 the following courses/ activities were provided to members of Council:

- 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.

MANAGEMENT & HUMAN RESOURCES MANAGEMENT

SENIOR EXECUTIVE OFFICER – ALLOWANCES AS PART OF SALARY PACKAGE

Chief Executive Officer

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

General Manager Corporate & Community

Telephone allowance.
Subsidised house rent.

General Manager Infrastructure & Environment

Vehicle provided for private use.
Telephone allowance.

COMPETITIVE TENDERING

Council continues to operate in accordance

with its Competitive Tendering, Purchasing, Sale & Disposal of Land and Other Assets Policy. In accordance with that policy Council is committed to ensuring a fair, transparent and accountable process, in the provision of services, purchasing of goods and services and in the disposal of land and other assets.

APPLICATION OF COMPETITION POLICIES

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

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

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

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

LIST OF DOCUMENTS

Mandatory Registers

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

Codes

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

Statutory Policies

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

Local Government (Elections) Act

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

Local Government Act

- Internal Review Procedure

FREEDOM OF INFORMATION STATEMENT

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

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

MEETINGS OF COUNCIL

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

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

PAYMENT OF COUNCIL RATES

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

COUNCIL'S REPRESENTATION QUOTA

In accordance with Schedule 4 Clause 3 of the Local Government Act 1999 Council is required to publish Council's own representation quota with that of similar Councils. The definition of a representation quota for this purpose has been changed to incorporate all Council Members including Mayors.

This comparison is for Councils classified as Rural Agricultural Small. The Elector Representation Review commenced in February 2017 and Council considered a Draft Electoral Review Paper with options and also

Further Information about your Council

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 concluded September 2017.

The outcome of the Elector Representation Review was:

- The principal member of Council be a

Mayor who is elected by the community; and

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

The following table provides a comparison of representation quota with other similar sized Council's as at 28 February 2020.

Council elected structure & representation table	Electors	Total Memembers (inc. Mayor	Representation Quota
Cleve	1,227	7	175
Elliston	737	8	92
Flinders Rangers	1,209	9	134
Franklin Harbour	888	6	148
Karoonda East Murray	745	7	106
Kimba	823	7	117
Orroroo Carrieton	670	6	111
Robe	1,304	7	186
Peterborough	1,214	9	134
Wudina	823	7	117

Source - Provided by ECSA

COUNCIL CONTRIBUTION TO THE COMMUNITY

Ongoing donations were made to Karoonda Area School for Presentation Night and SAPSASA. Financial contributions were also made to support the Karoonda & District Bowling Club Sponsorship.

KAROONDA AREA SCHOOL SPONSORSHIP

Council was very proud to again sponsor the Karoonda Area School across a number of worthwhile programs including, supporting the Karoonda Meteors. Well done to the:

- First Lego League team who competed at the National Competition in Melbourne and the;
- First Tech Challenge team who competed in the National Competition in Sydney.

This group of students have been putting Karoonda on the robots map coming home with a number of awards including a Judges Award and Inspiration Award.

Council was also pleased to provide sponsorship to the Childrens University Program graduation.



WORK HEALTH & SAFETY

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

Council has continued to maintain a good health and safety record and this is reflected

in Council's premium payments.

WH&S continues to be quite onerous and resource intensive with all Councils regardless of size having to meet requirements. Valuable assistance was provided by the Regional Risk Co-ordinator.

Risk Management assessment continued along with identification of hazards and means of dealing with those hazards continue to be a part of Council's overall focus.

INFORMATION TECHNOLOGY

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

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

FINANCIAL ASSISTANCE GRANTS

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

BUILDING, PLANNING & ENVIRONMENTAL HEALTH SERVICES

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

FINANCIAL MANAGEMENT

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

COMMUNITY LAND

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

NATIONAL COMPETITION POLICY

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

FREEDOM OF INFORMATION

There was six requests received for the period 1 July 2019 to 30 June 2020 under the Freedom of Information Act.

PUBLIC ACCESS TO COUNCIL AND COMMITTEE MEETINGS

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

Further Information about your Council

COMMUNITY SERVICES

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

AUSTRALIA DAY

On 26 January 2020 there was the traditional Australia Day Breakfast hosted by the Wynarka Recreation Committee. They did a great job in hosting the event and it was pleasing to see that it was again well patronised. Council was fortunate in having Australia Day Ambassador, Ralph Clarke to provide an address and present the certificates.

The award winners for this year were:-

Citizen of the Year Award:

Robyn Burdett

Young Citizen of the Year Award:

Thomas Mickan

Event of the Year Award:

Karoonda Golf Club - Diggers Day

RATE REVENUE

Rate revenue raised for this financial year was \$1,594K with minimal movement in the overall capital valuations. The CWMS rate was \$445 for an occupied allotment and \$420 per vacant allotment.

AUDIT COMMITTEE

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



Photo: Australia Day 2020 Award Recipients

Further Information about your Council

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 2019/2020 financial year

Membership

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

The following staff members have attended meetings as observers:

- Chief Executive Officer
- General Manager Corporate & Community

Name	Position
Cr Yvonne Smith	Council Member (February 2019 - Present)
Cr Daryl Sparks	Council Member (from December 2018 - Present)
Mayor Caroline Phillips	Ex-officio Member (from December 2018 - Present)
Mr Tim Muhlhausler	Independent Chair (from February 2019 - Present)

Meetings

The Audit Committee met three times during the year.

Meeting Date	Attendance
5 November 2020	Cr Sparks Apology
21 April 2020	All in attendance
25 June 2020	All in attendance

Further Information about your Council

AUDIT COMMITTEE ACTIVITIES

The following table sets out the main activities addressed by the audit committee during 2019/20.

Activities	Outcome
Financial Reporting	Budget Review 1 Budget Review 2 Budget Review 3 Financial Policy Reviews 2018/19 Annual Financial Statements 2019/20 Annual Business Plan & Budget
Internal Controls and Risk Management Systems	Internal controls and risk management systems
External Audit	2018/19 Audited Annual Financial Statements Meeting with External Auditor (telephone hook-up)
Audit Committee Performance	Audit Committee Work Program

INFRASTRUCTURE & ASSETS

The works program is Council’s major area of expenditure. A significant amount of construction work was carried out in 2019/20, including the road re-sheeting projects (approximately 21kms):

- Wingamin Road
- Walker Flat Road
- Goondooloo Road

10 Year Plant Replacement Schedule

Council’s 10 Year Plant replacement Schedule continues to be reviewed on a regular basis. In 2019/20 no new plant purchases were made however Council disposed of a truck.

Waste Management

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





Photo: Karoonda Silo Art, Artist: Heesco

KAROONDA EAST MURRAY ANNUAL REPORT 2019 - 2020

APPENDICES

2019/20 Audited Financials

2019/20 Murraylands & Riverlands Local Government
Association Annual Report



District Council of Karoonda East Murray

11 Railway Terrace
PO Box 58
Karoonda SA 5307
Tel: 08 8578 1004
Fax: 08 8578 1246
Email: council@dckem.sa.gov.au

District Council of Karoonda East Murray

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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



District Council of Karoonda East Murray
General Purpose Financial Reports
for the year ended 30 June 2020

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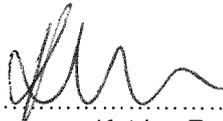
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District Council of Karoonda East Murray
Annual Financial Statements
for the year ended 30 June 2020

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 2020 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.



.....

Katrina Fromm
ACTING CHIEF EXECUTIVE OFFICER



.....

Caroline Phillips
MAYOR/COUNCILLOR

Date: 30/11/2020

District Council of Karoonda East Murray
Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
INCOME			
Rates	2	1,595	1,544
Statutory charges	2	16	14
User charges	2	207	80
Grants, subsidies and contributions	2	2,520	2,336
Investment income	2	21	36
Reimbursements	2	6	44
Other income	2	96	128
Total Income		4,461	4,182
EXPENSES			
Employee costs	3	1,182	920
Materials, contracts & other expenses	3	2,236	1,200
Depreciation, amortisation & impairment	3	1,608	1,690
Total Expenses		5,026	3,810
OPERATING SURPLUS / (DEFICIT)		(565)	372
Asset disposal & fair value adjustments	4	(74)	(105)
Amounts received specifically for new or upgraded assets	2	-	550
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		(639)	817
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	9,827
Impairment (expense) / recoupments offset to asset revaluation reserve	9	(6,327)	-
Total Other Comprehensive Income		(6,327)	9,827
TOTAL COMPREHENSIVE INCOME		(6,966)	10,644
AASB 1058 Recognition			
<i>Operating Result prior to AASB 1058 application</i>		<i>(565)</i>	<i>372</i>
<i>Grants Received in Advance 2018-19</i>		<i>(1,440)</i>	<i>-812</i>
<i>Grants Received in Advance 2019-20</i>		<i>1,007</i>	<i>1440</i>
Adjusted Operating Result to reflect AASB 1058		(998)	1,000
Adjusted Total Comprehensive Income to reflect AASB 1058		(7,399)	11,272

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

District Council of Karoonda East Murray
Statement of Financial Position
as at 30 June 2020

ASSETS	Notes	2020 \$'000	2019 \$'000
Current Assets			
Cash and cash equivalents	5	3,703	2,274
Trade & other receivables	5	288	557
Inventories	5	12	15
Total Current Assets		4,003	2,846
Non-current Assets			
Infrastructure, property, plant & equipment	7	42,043	48,991
Other non-current assets	6	331	388
Total Non-current Assets		42,374	49,379
Total Assets		46,377	52,225
LIABILITIES			
Current Liabilities			
Trade & other payables	8	3,000	1,914
Provisions	8	150	113
Total Current Liabilities		3,150	2,027
Non-current Liabilities			
Provisions	8	15	20
Total Non-current Liabilities		15	20
Total Liabilities		3,165	2,047
NET ASSETS		43,212	50,178
EQUITY			
Accumulated Surplus		14,879	15,518
Asset Revaluation Reserves	9	28,333	34,660
TOTAL EQUITY		43,212	50,178

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

District Council of Karoonda East Murray
Statement of Changes in Equity
for the year ended 30 June 2020

2020	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		15,518	34,660	50,178
Net Surplus / (Deficit) for Year		(639)		(639)
Other Comprehensive Income				
Impairment (expense) / recoupments offset to asset revaluation reserve		-	(6,327)	(6,327)
Balance at end of period	9	14,879	28,333	43,212
2019				
Balance at end of previous reporting period		14,701	24,833	39,534
Net Surplus / (Deficit) for Year		817	-	817
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment			9,827	9,827
Balance at end of period	9	15,518	34,660	50,178

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

District Council of Karoonda East Murray
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		1,585	1,545
Fees & other charges		16	14
User charges		332	605
Investment receipts		247	36
Grants utilised for operating purposes		3,954	2,227
Reimbursements		6	45
Other revenues		339	450
<i>Payments:</i>			
Employee costs		(1,183)	(927)
Materials, contracts & other expenses		(2,764)	(1,478)
Net Cash provided by (or used in) Operating Activities		2,532	2,517
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		-	550
Sale of replaced assets		35	34
Sale of real estate developments		15	-
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(985)	(2,168)
Expenditure on new/upgraded assets		(69)	(550)
Net Cash provided by (or used in) Investing Activities		(1,004)	(2,134)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayment of aged care facility deposits		(99)	(220)
Net Cash provided by (or used in) Financing Activities		(99)	(220)
Net Increase (Decrease) in cash held		1,429	163
Cash & cash equivalents at beginning of period	11	2,274	2,111
Cash & cash equivalents at end of period	11	3,703	2,274

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income recognition

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

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

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. AASB1058 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. The disclosures have been made to make it clear to users of these statements that the untied financial assistance grants received in June 2020 have not been reported as income in the 2020 financial year as management believe this would be misleading as the associated expenditure of these funds will not occur until the 2020-21 financial year. Accordingly, the payment received in June 2020 has been included in note 8 under payments received in advance.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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.

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

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate held for resale

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

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.3 Materiality

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

6.4 Subsequent Recognition

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

Councils existing road hierarchy was reviewed and significantly amended during the 2019-20 financial year. The outcome of the review was to increase the number of levels in the hierarchy from two levels to four, with category four roads being roads that are either formed roads or roads that will never be resheeted again. A change in asset management strategy ensures category four roads are maintained in a fit for purpose basis with the expenditure charged to the Statement of Comprehensive Income forming part of the road maintenance budget. The sheeted road network was reduced from 1000kms in length down to 650kms in length. This resulted in a reduction in the carrying value of \$6.3M as reported in the Statement of Changes in Equity, note 7 and note 9.

It should be noted that the increase in the asset revaluation reserve reported in the 2018-19 comparative information has resulted from a review of the standard unit costs and total useful lives, whereas the reduction in the current financial year has occurred as a result of a revised road hierarchy that reflects a revised level of road asset service standards. Accordingly, although the movements in the asset revaluation reserve go in opposite directions from one year to the next it does not mean that the 2018-19 valuation was inaccurate. Accordingly, no adjustment has been made to the comparative data in these financial statements.

Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

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

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

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

6.6 Impairment

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

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

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

Superannuation

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

10 Leases

Accounting Policy applicable for the year ending 30 June 2019 (comparatives):

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

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

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

Accounting policy applicable from 01 July 2019:

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

Council as a lessee

The Council is not a party to any leases covered by ASSB16 during the 2019-20 financial year

11 Joint Ventures and Associated Entities

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

12 GST Implications

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

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

13 New and amended standards and interpretations

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities:

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in section 10 of this note. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Adoption of AASB 16 Leases (AASB 16)

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for low-value assets - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2020, Council has no leases to which this treatment will need to be applied."

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2 - INCOME

	Notes	2020 \$'000	2019 \$'000
RATES REVENUES			
<u>General Rates</u>		1,387	1,340
Less: Mandatory rebates		(10)	(9)
Less: Discretionary rebates, remissions & write offs		(9)	(9)
		1,368	1,322
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		65	64
Waste collection		38	37
Community wastewater management systems		108	106
		211	208
<u>Other Charges</u>			
Penalties for late payment		16	15
		16	15
		1,595	1,544
STATUTORY CHARGES			
Development Act fees		1	1
Town planning fees		4	4
Health & Septic Tank Inspection fees		1	1
Animal registration fees & fines		8	6
Other licences, fees, & fines		2	2
		16	14
USER CHARGES			
Cemetery/crematoria fees		4	5
Property Lease		24	30
Cabin Hire & Powered Site fees		25	36
Mallee Kids Child Care Centre		136	-
Sales - general		18	9
		207	80
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		21	36
		21	36
REIMBURSEMENTS			
- for private works		4	3
- other		2	41
		6	44

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2 - INCOME (con't)

	Notes	2020 \$'000	2019 \$'000
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		-	27
Rebates received		66	89
Sundry		30	11
		96	128
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets - Drought Community Funding		-	550
Other grants, subsidies and contributions			
Other grants, subsidies and contributions		218	20
Untied - Financial Assistance Grant		1,698	1,694
Roads to Recovery		518	172
Drought Community Funding		86	450
		2,520	2,886
<i>The functions to which these grants relate are shown in Note 12.</i>			
AASB 1058 Recognition			
Grants, Subsidies, Contributions per above		2,520	2,886
Grants Received in Advance 2018-19		(1,440)	(812)
Grants Received in Advance 2019-20		1,007	1,440
Adjusted Grants, Subsidies, Contributions received during the year		2,087	3,514
Sources of grants			
Commonwealth government		822	1,125
State government		1,698	1,761
		2,520	2,886
AASB 1058 Recognition			
Sources of grants			
Commonwealth government		822	1,125
State government		1,265	2,389
		2,087	3,514
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
Unexpended at the close of the previous reporting period		-	141
Less: expended during the current period from revenues recognised in previous reporting periods:			
Roads Infrastructure		-	(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 2020

Note 3 - EXPENSE

	Notes	2020 \$'000	2019 \$'000
EMPLOYEE COSTS			
Salaries and Wages		1,061	912
Employee leave expense		151	90
Superannuation - defined contribution plan contributions	18	104	89
Superannuation - defined benefit plan contributions	18	2	2
Workers' Compensation Insurance		-	26
Less: Capitalised and distributed costs		(136)	(199)
Total Operating Employee Costs		1,182	920
Total Number of Employees		14	11
<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		10	6
Elected members' expenses		83	80
Election expenses		1	12
Subtotal - Prescribed Expenses		94	98
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,654	1,766
Materials		403	717
Energy		44	40
Legal Expenses		16	11
Levies paid to government - NRM levy		63	65
- Other Levies		31	26
Insurance		134	119
Other Expenses		213	160
Parts, accessories & consumables		430	630
Water		66	38
Less: Capitalised and Distributed Costs		(959)	(2,519)
Sundry		47	49
Subtotal - Other Materials, Contracts & Expenses		2,142	1,102
		2,236	1,200

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3 - EXPENSE con't

		2020	2019
	Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Structures		14	12
Stormwater Drainage		10	16
CWMS		54	54
Roads		975	1,052
Footpaths, Kerb & Gutter		29	29
Plant & Equipment		321	352
Furniture & Fittings		7	7
Buildings		161	139
Other Assets		37	29
		1,608	1,690

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	Notes	2020 \$'000	2019 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		35	34
Less: Carrying amount of assets sold		109	139
Gain (Loss) on disposal		(74)	(105)
REAL ESTATE DEVELOPMENT ASSETS			
Proceeds from disposal		15	-
Less: Carrying amount of assets sold		15	-
Gain (Loss) on disposal		-	-
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(74)	(105)

Note 5 - CURRENT ASSETS

	Notes	2020 \$'000	2019 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		469	233
Deposits at Call		3,234	2,041
		3,703	2,274
TRADE & OTHER RECEIVABLES			
Rates - General & Other		213	203
Accrued Revenues		1	227
Debtors - general		8	123
Fuel Tax Credits		36	-
GST Recoupment		27	-
Prepayments		3	4
		288	557
INVENTORIES			
Stores & Materials		12	15

Note 6 - NON-CURRENT ASSETS

OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		331	346
Capital Works-in-Progress		-	42
		331	388
Real Estate Developments - Current & Non-Current (Valued at the lower of cost and net realisable value)			
<i>Residential</i>		331	346
<i>Represented by:</i>			
<i>Acquisition Costs</i>		331	346
Apportionment of Real Estate Developments			
<i>Non-Current Assets</i>		331	346

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

		2019				2020			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Other	2	1,140	-	-	1,140	1,140	-	-	1,140
Structures	3	614	109	(317)	406	615	109	(332)	392
Stormwater Drainage	3	612	452	(101)	963	612	452	(111)	953
CWMS	3	3,963	-	(1,272)	2,691	3,963	-	(1,326)	2,637
Roads	3	64,533	3,950	(32,059)	36,424	46,371	870	(17,334)	29,907
Footpaths, Kerb & Gutter	3	1,747	-	(593)	1,154	1,746	-	(621)	1,125
Plant & Equipment		-	2,934	(1,602)	1,332	-	2,737	(1,749)	988
Furniture & Fittings		-	55	(14)	41	-	55	(21)	34
Buildings	3	7,336	228	(3,386)	4,178	7,335	298	(3,546)	4,087
Other Assets		-	827	(165)	662	-	982	(202)	780
Total IPP&E		79,945	8,555	(39,509)	48,991	61,782	5,503	(25,242)	42,043
	Comparatives	73,279	5,857	(40,953)	38,183	79,945	8,555	(39,509)	48,991

This Note continues on the following pages.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2019	CARRYING AMOUNT MOVEMENTS DURING YEAR							2020
	\$'000	\$'000							\$'000
Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
	New / Upgrade	Renewals				In	Out		
Land - Other	1,140	-	-	-	-	-	-	-	1,140
Structures	406	-	-	-	(14)	-	-	-	392
Stormwater Drainage	963	-	-	-	(10)	-	-	-	953
CWMS	2,691	-	-	-	(54)	-	-	-	2,637
Roads	36,424	-	870	(85)	(975)	-	-	(6,327)	29,907
Footpaths, Kerb & Gutter	1,154	-	-	-	(29)	-	-	-	1,125
Plant & Equipment	1,332	-	-	(23)	(321)	-	-	-	988
Furniture & Fittings	41	-	-	-	(7)	-	-	-	34
Buildings	4,178	-	70	-	(161)	-	-	-	4,087
Other Assets	662	69	86	-	(37)	-	-	-	780
Total IPP&E	48,991	69	1,026	(108)	(1,608)	-	-	(6,327)	42,043
<i>Comparatives</i>	38,183	550	2,260	(139)	(1,690)	-	-	9,827	48,991

This note continues on the following pages.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

District Council of Karoonda East Murray
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

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

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

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

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

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

District Council of Karoonda East Murray
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

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

Land

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

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

Buildings & Other Structures

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

Stormwater

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

Roads

A comprehensive revaluation of Councils sealed & unsealed road networks was undertaken by Council staff with assistance from Tonkin's Consulting in relation to assessing road condition and remaining useful lives. The valuation was applied to the general ledger effective from 1 July 2019. Standard useful lives, road conditions and average unit cost rates now reflect Councils current work practises, revised hierarchy of roads and other asset data stored in its GIS. Subsequent road construction has been recorded at cost.

Councils existing road hierarchy was reviewed and significantly amended during the 2019-20 financial year. The outcome of the review was to increase the number of levels in the hierarchy from two levels to four, with category four roads being roads that are either formed roads or roads that will never be resheeted again. A change in asset management strategy ensures category four roads are maintained in a fit for purpose basis with the expenditure charged to the Statement of Comprehensive Income forming part of the road maintenance budget. The sheeted road network was reduced from 1000kms in length down to 650kms in length. This resulted in a reduction in the carrying value of \$6.3M as reported in the Statement of Changes in Equity, note 7 and note 9.

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

Community wastewater management system

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

Footpath, Kerb & Gutter

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

Plant, Furniture & Equipment

These assets are recognised at cost.

Other assets

These assets are recognised at cost.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 8 - LIABILITIES

	Notes	2020		2019	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		23		267	
Payments received in advance		2,872	-	1,440	-
Accrued expenses - employee entitlements		-	-	33	-
Aged Care Facility Deposits		75	-	174	-
PAYG, GST & FBT Payable		30	-	-	-
		3,000	-	1,914	-

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

75

174

**Payments received in advance represent grant revenue received in June 2019 (or comparatives in June 2018) but not expended until the following year. Readers are referred to Note 2 as well as adjustments made to the Statement of Comprehensive Income for further information*

PROVISIONS

Employee entitlements (including oncosts)	150	15	113	20
	150	15	113	20

Movements in Provisions - 2020 Year only

(current & non-current)

	Other Provision
Opening Balance	133
Add Unwinding of present value discounts	-
Additional amounts recognised	32
(Less) Payments	-
Unused amounts reversed	-
Add (Less) Remeasurement Adjustments	-
Closing Balance	165

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2019	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2020
Notes	\$'000	\$'000	\$'000	\$'000
Land - Other	611	-	-	611
Structures	375	-	-	375
Stormwater	301	-	-	301
CWMS	2,284	-	-	2,284
Roads	7 25,517	(6,327)	-	19,190
Footpath Kerb & Gutter	1,123	-	-	1,123
Plant & Equipment	726	-	-	726
Furniture & Fittings	30	-	-	30
Buildings	3,354	-	-	3,354
Other Assets	339	-	-	339
TOTAL	34,660	(6,327)	-	28,333
Comparatives	24,833	9,827	-	34,660

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

It should be noted that the increase in the asset revaluation reserve reported in the 2018-19 comparative information has resulted from a review of the standard unit costs and total useful lives, whereas the reduction in the asset revaluation reserve reported in the current financial year has occurred as a result of a revised road hierarchy that reflects a revised level of road asset service standards.

Refer to Note 1, item 6.4 and the commentary to Note 7 for further information in relation to the road revaluations.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2020 \$'000	2019 \$'000
Total cash & equivalent assets	5	<u>3,703</u>	<u>2,274</u>
Balances per Cash Flow Statement		<u>3,703</u>	<u>2,274</u>

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

Net Surplus (Deficit)		(639)	817
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,608	1,690
Net increase (decrease) in unpaid employee benefits		(1)	(7)
Grants for capital acquisitions treated as Investing Activity		-	(550)
Net (Gain) Loss on Disposals		<u>74</u>	<u>105</u>
		1,042	2,055
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		269	(284)
Net (increase) decrease in inventories		3	15
Net increase (decrease) in trade & other payables		<u>1,218</u>	<u>731</u>
Net Cash provided by (or used in) operations		<u>2,532</u>	<u>2,517</u>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Council Administration	2,730	2,559	1,148	870	1,583	1,689	972	1,113	4,761	5,361
Business & Economic Development	188	176	279	211	(91)	(35)	-	-	3,098	3,489
Community Support/Amenities	63	59	222	168	(159)	(110)	873	1,000	699	787
Environment	103	97	327	248	(223)	(151)	-	-	-	-
Health	1	1	6	5	(5)	(3)	-	-	-	-
Public Order & Safety	1	1	10	8	(9)	(6)	-	-	-	-
Recreation & Culture	47	44	379	288	(333)	(244)	1	1	373	420
Regulatory Services	34	31	78	59	(45)	(28)	-	-	-	-
Transport	1,260	1,181	2,277	1,726	(1,016)	(544)	674	772	35,629	40,122
Plant Depot & Other Purposes	34	31	300	228	(267)	(196)	-	-	1,817	2,046
TOTALS	4,461	4,182	5,026	3,810	(565)	372	2,520	2,886	46,377	52,225

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

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

Business and Economic Development

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

Community Support/ Amenities

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

Environment

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

Health

Food Control, Sanitary and Immunisations Services Support.

Public Order & Safety

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

Recreation & Culture

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

Regulatory Services

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

Transport

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

Plant Hire & Depot & Other Purposes

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.5% and 1.5% (2019: 1% and 2%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2019: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements

Note 12 - FINANCIAL INSTRUMENTS (con't)

Receivables - Retirement Home	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>

Liquidity Analysis

2020	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	3,703			3,703	3,703
Receivables	285	-	-	285	285
Total	3,988	-	-	3,988	3,988
<u>Financial Liabilities</u>					
Payables	3,000	-	-	3,000	3,000
Total	3,000	-	-	3,000	3,000

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis (con't)

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

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 impairment. 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.

Note 13 - COMMITMENTS FOR EXPENDITURE

Notes	2020 \$'000	2019 \$'000
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Audit Services	4	8
Employee Remuneration Contracts	474	825
Waste Management Contracts	-	97

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 14 - FINANCIAL INDICATORS

	2020	2019	2018
Operating Surplus Ratio			
<u>Operating Surplus</u>	-12.7%	8.9%	-30.0%
Total Operating Income			

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

Net Financial Liabilities Ratio

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

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

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	69%	130%	68%
Net Asset Renewals - IAMP			

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

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2020 \$'000	2019 \$'000	
Income	4,461	4,182	
Expenses	<u>(5,026)</u>	<u>(3,810)</u>	
Operating Surplus / (Deficit)	(565)	372	
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(985)	(2,168)	
Add back Depreciation, Amortisation and Impairment	1,608	1,690	
Proceeds from Sale of Replaced Assets	<u>35</u>	<u>34</u>	
	658	(444)	
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(69)	(550)	
Amounts received specifically for New and Upgraded Assets	-	550	
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>15</u>	<u>-</u>	
	(54)	-	
Net Lending / (Borrowing) for Financial Year	39	(72)	

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018-19; 9.50% in 2019-20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. 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.

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

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

1. LAND UNDER ROADS

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

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

Council does not hold any bank guarantees.

4. LEGAL EXPENSES

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

District Council of Karoonda East Murray
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2020	2019
	\$	\$
Salaries, allowances & other short term benefits	505	387
Post-employment benefits	-	30
TOTAL	505	417

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

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

No amounts were received by or from Councils' Key Management Personnel during the 2019-20 Financial Year in any of Councils operating activities.

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 2020, 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 2020 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:

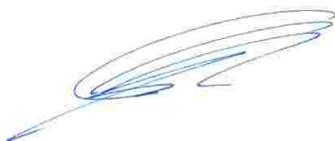
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.

Independence

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

PKF Adelaide



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

25 November 2020

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

To the members of District Council of Karoonda East Murray

Opinion:

We have audited the compliance of the District Council of Karoonda East Murray (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

Basis for opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

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 2019 to 30 June 2020. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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

Limitation on Use

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

Inherent Limitations

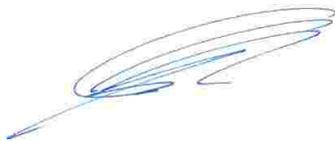
Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with Section 125 of the *Local Government Act 1999* in relation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

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

Independence

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

PKF Adelaide



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

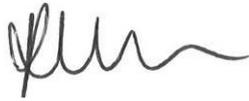
25 November 2020

District Council of Karoonda East Murray
Annual Financial Statements
for the year ended 30 June 2020

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Coalface SA Council for the year ended 30 June 2020, the Council's Auditor, Steven Rosso from 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*.



.....
Katrina Fromm
ACTING CHIEF EXECUTIVE OFFICER



.....
Tim Muhlhausler
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 20/11/2020

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 2020, 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

Dated: 25 November 2020



Murraylands and Riverland
Local Government Association

Annual Report

2019/20



A regional subsidiary established under the
Local Government Act 1999

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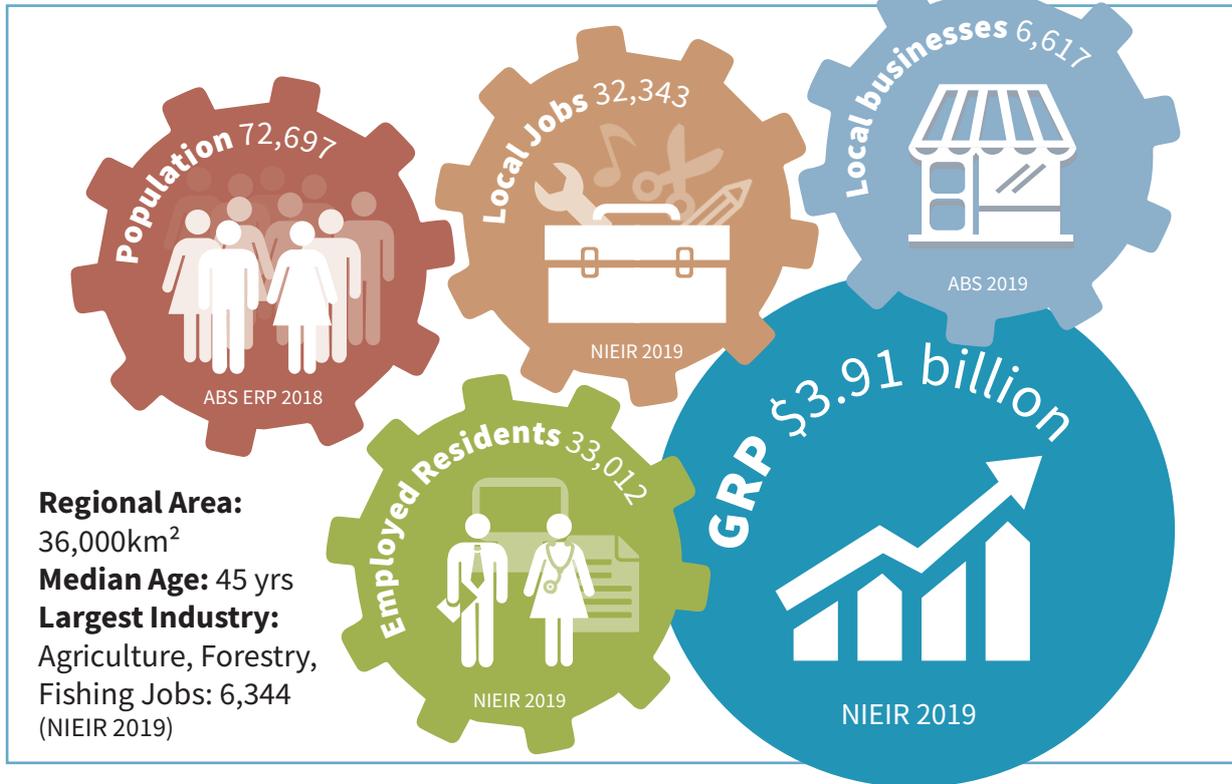
Constituent Councils



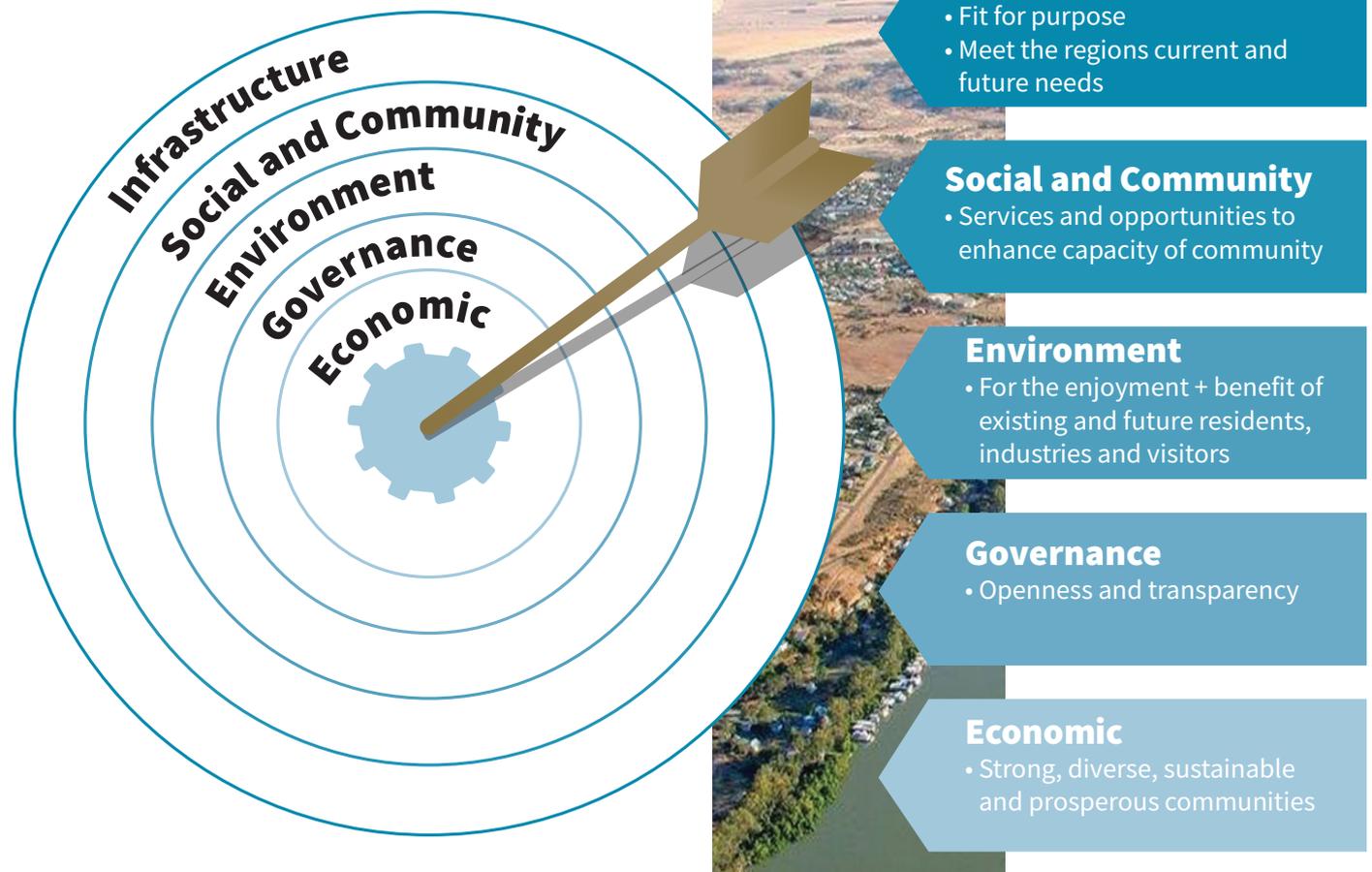
MRLGA is a Section 43 regional subsidiary established under the *Local Government Act 1999*.

About the Region

Important Statistics



MRLGA Goals 2016-2020



President's Report



Mayor
Peter Hunt

I am pleased to present my President's Report for 2019-2020. The report highlights the Murraylands and Riverland Local Government Association's (MRLGA) key achievements of the year.

The last twelve months have been about renewed focus and purpose. We welcomed a new Chief Executive Officer in June 2019, endorsed a new iteration of the Charter in October 2019, held a Strategic Planning Forum in February 2020, convened Public Health Workshops in early March 2020 and sought feedback on our draft Strategic Documents in June 2020.

In addition to our efforts to prepare for the future, we have continued to pursue the implementation of our existing plans. The 2030 Regional Transport Plan is one such example where the fruits of the collaboration across member councils can be readily seen.

The region was again successful in receiving \$2.6 million in funding from the Special Local Roads Program.

This funding is important to the region as it affords constituent councils extra opportunity to maintain and upgrade regionally significant local roads.

The Regional Transport and Assets Committee, under the guidance of Mayor Neil Martinson, has broadened its focus to consider other opportunities to promote partnerships in the way we manage the considerable road network that traverses our region.

The progress of the Regional Road Hierarchy Plan and the High Risk Intersection projects will provide platforms that help promote the role that Local Government plays in managing these significant assets on behalf of our industries and communities and in

the interest of the State. Where the benefits of maintaining infrastructure extend beyond our borders, there is a strong argument to continue to advocate for support from other tiers of government.

The High Risk Intersection project, with cost estimates and concept designs of 41 very high to high risk intersections can be found at: https://www.lga.sa.gov.au/__data/assets/pdf_file/0026/694322/High-Risk-Intersection-Cost-Estimates-and-Concept-Designs.pdf

The project was presented to Hon Tim Whetstone on 29 May 2020 and was forwarded to the Hon Stephan Knoll MP, then Minister for Transport, Infrastructure and Local Government on 29 June 2020. Consultations have followed with the Department of Planning, Transport and Infrastructure (now the Department of Infrastructure and Transport) regarding proposed upgrades to Rural Highway Corridors. With a total cost estimate of \$11.37 million, the High-risk intersection project represents a small portion of the total proposed spend on regional road upgrades across South Australia but represents a significant safety proposition for all road users.

As the State Government responds to the needs of industry and permits many of the arterial roads for 36.5m heavy vehicle usage, it is beholden upon them to think about the safety implications related to intersections where B-Double configurations will interact with even larger vehicles. B-Doubles turning onto, or off of, the arterial roads should be able to do so within the allocated lanes and without sight impediments.

With the raising of the State Government's solid waste levy, there is increasing pressure on councils to manage the rising cost of waste management services in the region. MRLGA had hoped to be further advanced in the development of a Regional Waste Strategy but an adjusted



approach has enabled the Association to be awarded \$35,000 of funding from Green Industries SA. The additional funding allows the scope of the project to be broadened and for robust investigation to inform the development of strategy and the framework for implementation.

The focus on waste management has also allowed MRLGA to forge a stronger relationship with Regional Development Australia Murraylands and Riverland. I look forward to seeing the development of a partnership that focuses on the establishment of a strong evidence base for change. In the instance of waste management, it makes sense to work together to better understand what is in our waste, the opportunity to divert some of that waste from landfill and find business development opportunities in the circular economy. Throughout our strategic planning process there has been a growing sense of the importance of resilient communities and the influence of wellbeing in making our region an attractive, liveable and prosperous place. As we now come to terms with the impact of the COVID-19 pandemic; the reliance we have on one another, our networks, and our need to engage positively as part of a community cannot be understated.

The Regional Public Health and Wellbeing Committee has been working hard behind the scenes to oversee the compilation of regional public health data, while participating in public health workshops and lending their considerable experience and capability to the updating of the Regional Public Health Plan. The process has not only focused on the big issues and the individual roles each council must play but has started to build a platform for future collaboration.

That being said, I would encourage councils to think about the next iteration of the Regional Public Health and Wellbeing Committee, their representatives and the skill

set required to transition to a Community Wellbeing Alliance.

In a similar fashion, the three Riverland Councils, under the auspices of MRLGA, have been able to progress the Riverland Social Indicators report. The data provides compelling reason for change; the issues are not new and local government doesn't want to take on board extra responsibility, but real leadership is needed. A committed and connected approach is required. Leadership doesn't mean we'll do it all, but it does say that we need to work on this together.

Central to the success of any combined effort is reflection on, and the establishment of, governance models.

MRLGA provides a conduit for the local government sector within the region to get organised and in doing so it allows us to engage more broadly on local government matters across the state and country. On that note, it has been pleasing to see the Association engage in important matters such as local government reform, planning and design code implementation, migration and water policy. The support we receive through the Local Government Association for advocacy related matters and their willingness to work collaboratively with the regional associations is to be commended.

In closing, I sincerely thank all constituent Councils and MRLGA Board Delegates for the opportunity afforded to me in being your President. I also wish to thank our CEO, Tim Smythe for his commitment to the Association in the last 12 months.

As we embark on a new phase in the life of MRLGA, I look forward knowing that change will come our way and with confidence that we step out having built a solid platform from which to launch.

Key Outcomes



\$2.646mil

attracted via the Special Local Roads Program and Supplementary Local Roads Program for improved freight and tourism connectivity within the region and surrounds.

Development of the High-Risk Intersection project to a stage where concept designs and cost estimates, to reduce the risk involved between B-double and Road Train interaction, have been forwarded to the state government for consideration.

Regional Road Hierarchy has been progressed using adapted Austroad definitions to categorise roads according to purpose and in accordance with the asset management constraints of local government.



Draft Regional Public Health Plan has been progressed to a stage where the role and activities of Local Government in the sphere of public health have been captured. In addition, a commitment to further develop a collaborative environment to share information, better define the key issues impacting wellbeing and improve service delivery have been developed through the draft governance and resourcing arrangement designed to underpin implementation.



A new strategic plan with concise vision and mission were developed.

A new Charter that:

- formalised the use of the trading name of Murraylands and Riverland Local Government Association
- specified membership as the principal member of each council, with up to two deputy delegates
- recognised the CEO Network as a committee with a strategic advisory capacity to the Board.



\$35,000

was awarded from Green Industries SA as a contribution toward the development of a Regional Waste Strategy.

MRLGA Board and Committees

Board Member	
<i>As of November 2019</i>	
Mayor Peter Hunt (<i>President</i>)	Berri Barmera Council
Mayor Paul Simmons	Coorong District Council
Mayor Caroline Phillips	District Council Karoonda East Murray
Mayor Leon Stasinowsky	District Council Loxton Waikerie
Mayor Dave Burgess (<i>Deputy President</i>)	Mid Murray Council
Mayor Neil Martinson	Renmark Paringa Council
Mayor Brenton Lewis	Rural City of Murray Bridge
Mayor Andrew Grieger	Southern Mallee District Council

Deputy Delegates	
<i>As of November 2019</i>	
Cr Rhonda Centofanti	Berri Barmera Council
Cr Ella Winnall (<i>Deputy Mayor</i>)	Berri Barmera Council
Cr Jeff Arthor (<i>Deputy Mayor</i>)	Coorong District Council
Cr Sharon Bland	Coorong District Council
Cr Yvonne Smith (<i>Deputy Mayor</i>)	District Council Karoonda East Murray
Cr Trevor Norton (<i>Deputy Mayor</i>)	District Council Loxton Waikerie
Cr Kevin Myers (<i>Deputy Mayor</i>)	Mid Murray Council
Cr Peter Hunter (<i>Deputy Mayor</i>)	Renmark Paringa Council
Cr Wayne Thorley (<i>Deputy Mayor</i>)	Rural City of Murray Bridge
Cr Paul Ireland (<i>Deputy Mayor</i>)	Southern Mallee District Council

CEO Network	
<i>As of April 2020</i>	
Karyn Burton	Berri Barmera Council
Bridget Mather	Coorong District Council
Matthew Morgan	District Council Karoonda East Murray
David Beaton	District Council Loxton Waikerie
Ben Scales	Mid Murray Council
Tony Siviour	Renmark Paringa Council
Michael Sedgman	Rural City of Murray Bridge
Jason Taylor	Southern Mallee District Council

MRLGA Committees

MRLGA Regional Transport & Assets Committee

As of June 2019

Mayor Neil Martinson Chair

Mayor Peter Hunt (*ex officio*)

Mayor Paul Simmons

Harry Du	Berri Barmera Council
Dave Degraney	Berri Barmera Council
David Mosel	Coorong District Council
Jarrold Manuel	District Council Karoonda East Murray
Greg Perry	District Council Loxton Waikerie
Dom Perre (proxy)	District Council Loxton Waikerie
David Hassett	Mid Murray Council
Russell Pilbeam (proxy)	Mid Murray Council
Tim Tol	Renmark Paringa Council
Geoff Meaney (proxy)	Renmark Paringa Council
Heather Barclay	Rural City of Murray Bridge
Matt James (proxy)	Rural City of Murray Bridge
Mathew Sherman	Southern Mallee District Council

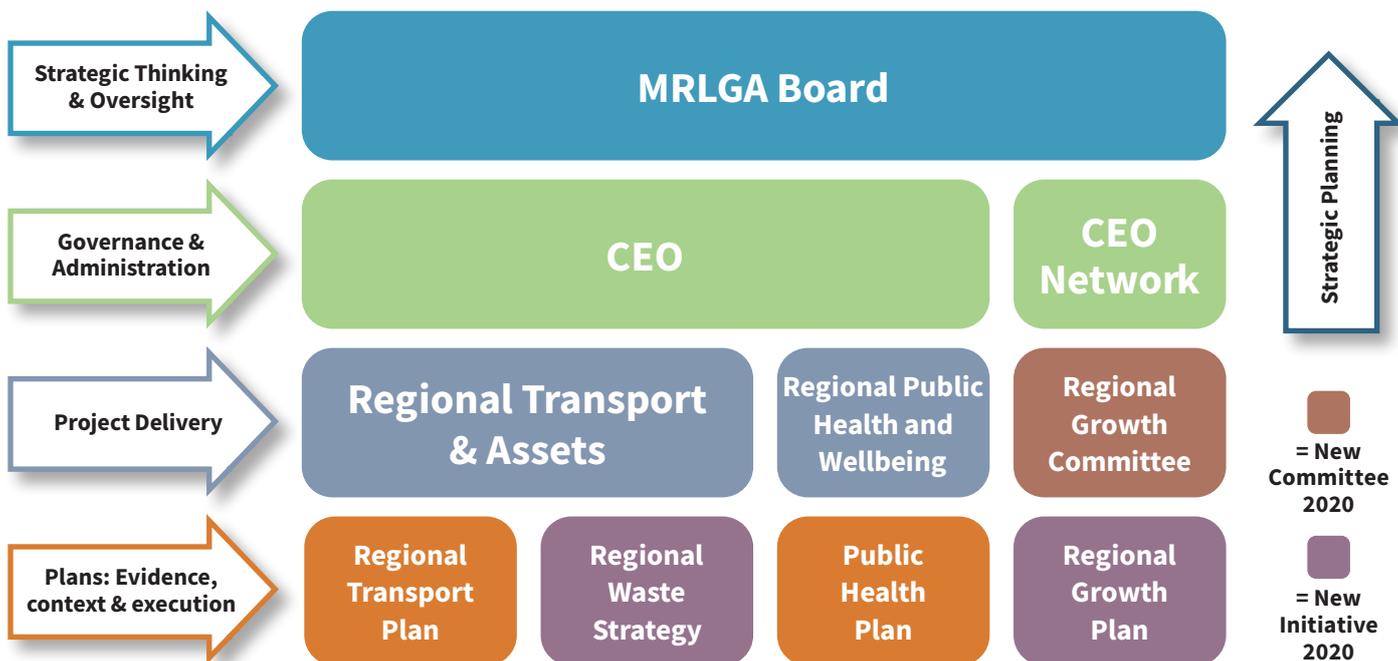
MRLGA Regional Public Health & Wellbeing Committee

Current 30 June 2020

Mayor Peter Hunt (*ex officio*)

Rebecca Burton	Berri Barmera Council
Andrew Haigh	Berri Barmera Council
Myles Sommers	Coorong District Council
Cr Sharon Bland	Coorong District Council
Cheryl Pedler	District Council Loxton Waikerie
Thomas McKellar	Mid Murray Council
Kristy Morgan	Mid Murray Council
Julie Savill	Mid Murray Council
Karen Wetherall	Renmark Paringa Council
Dara Frankel	Renmark Paringa Council
Jeremy Byrnes	Rural City of Murray Bridge
Reg Budarick	Rural City of Murray Bridge
Geoff Parsons	Rural City of Murray Bridge
Caroline Thomas	Rural City of Murray Bridge
Shilo Wyatt	Southern Mallee District Council

MRLGA Structure



MRLGA Activities

MRLGA Board:

The MRLGA Board meets quarterly. Membership of the Board is filled by the Principal Members (Mayor) of each Constituent Council. Meetings of the Board were held on:

1. Wednesday, 10 July 2019
2. Friday, 10 October 2019
3. Friday, 31 January 2020
4. Friday, 8 May 2020

In addition to the general oversight of the Associations activities the MRLGA Board:

- Endorsed a new Charter
- Formalised the change of name of the Association to Murraylands and Riverland LGA via the registration of a business name with ASIC
- Presided over a strategic review including the running of a strategic planning forum on 24 February 2020. A new 2020-25 Strategic Plan was endorsed on 10 July 2020.

The meetings of the Board provide a forum for regular updates from:

- LGA SA administration
- SAROC
- Office of Local Government
- Regional Development Murraylands and Riverland
- PIRSA
- Members of Parliament

CEO Network

The MRLGA CEO Network is established as a strategic advisory group to the MRLGA Board. As the name suggests it is formed from the CEOs of the eight constituent councils. Meetings of the CEO Network were held on:

1. Monday, 22 July 2019
2. Monday, 16 September 2019
3. Monday, 18 November 2019
4. Monday, 6 April 2020
5. Monday, 15 June 2020

In addition to providing guidance on project activities and operations, the CEO Network:

- Co-hosted a Local Government Reform consultation session with Andrew Lamb, Local Government Reform Partner, LGA SA on 16 September 2019
- Engaged with LGA SA and SA Power Network re: Public Lighting
- Engaged with URPS re: River Murray Specific planning policies that could be influenced by the introduction of the State Government Planning and Design code
- Engaged with Building Upgrade Finance concerning the availability of funding for non-residential property owners to make environmental or heritage improvements to their properties.
- Were briefed by Mellor Olsson Lawyers regarding the procedures involved in the Native Title Claim by the First Peoples of the River Murray

Regional Transport and Assets (RTA) Committee

MRLGA Regional Transport and Assets (RTA) Committee is a forum that brings together the Directors of Infrastructure, Assets and Environment as well as Works Managers from each of the 8 constituent councils.

Meetings of the RTA Committee were held on:

1. Friday, 30 August 2019
2. Friday, 8 November 2019
3. Friday, 27 March 2020

Key activities of the committee included:

- Co-ordination of the application process for Councils to the Special Local Roads Program.
- An update of the 2030 Transport Plan – regional routes reviewed, action plans and database updated
- Input to the progress of the development of a regional road hierarchy
- The development of the High Risk Intersection project to seek funding support from other tiers of Government – concept designs and costing for improvements at Gazetted B-Double roads that intersect with regional freight routes and have sight or trailer movement impediments.
- The development and endorsement of a project brief and procurement plan to establish of a Regional Waste Strategy and Action Plan.

Regional Public Health and Wellbeing Committee

The MRLGA Regional Public Health and Wellbeing Committee includes environmental health officers, community development managers and planning managers from each of the 8 constituent councils. Meetings of the Committee were held on:

1. Wednesday, 10 July 2019
2. Friday, 22 November 2019
3. Thursday, 2 April 2020

Key activities of the committee included:

- Development of a draft 2020-2024 Regional Public Health Plan and governance arrangements for a Community Wellbeing Alliance.
- Public Health Consultations were held on 4 and 5 March 2020 in Murray Bridge and Loxton respectively.
- Meetings with the consultant occurred on 22 November 2019, 22 April 2020 and 14 May 2020.

A sub-group of the committee was also actively involved in responding to the to the State Government's Planning and Design Code implementation.

Regional Organisation Executive Officers

The Regional Organisations Executive Officers Management group have formalised their Working Group. Meetings of the Committee were held on:

1. Wednesday, 18 September 2019
2. Wednesday, 30 October 2019
3. Thursday, 16 January 2020
4. Thursday, 27 February 2020
5. Monday, 6 April 2020
6. Wednesday, 29 April 2020

Key activities of the committee have included:

- Providing input into SAROC Business Plan and the Agenda
- Develop a working relationship with the LGA Management team
- Advocate on behalf of the regions
- Share information and provide collegiate support
- Coordinate collaborative project activity

SA Regional Organisation of Councils

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

MRLGA supports SAROC by attending the meetings, contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings and collegiate support to prepare briefings and support submissions. Key activities undertaken in support of SAROC have included:

- Support for the review of the 2019 SAROC Annual Business Plan and development of the 2020 SAROC Annual Business Plan
- Facilitation of engagement concerning proposed local government reform measures
- Promoting a leadership position on a waste and recycling strategy
- Lobbying the State Government on support for the second tranche of Climate Change and adaptation sector partner agreements
- Liaising with the State Government (DPTI/Local Government Grants Commission) to promote a centralised database for roads built upon common descriptors, categories (purpose) and construction and maintenance (fit for purpose) standards.
- Identifying and working with the other tiers of Government on the role of the LG sector in any economic recovery and stimulus programs in response to drought and the Covid-19 pandemic.

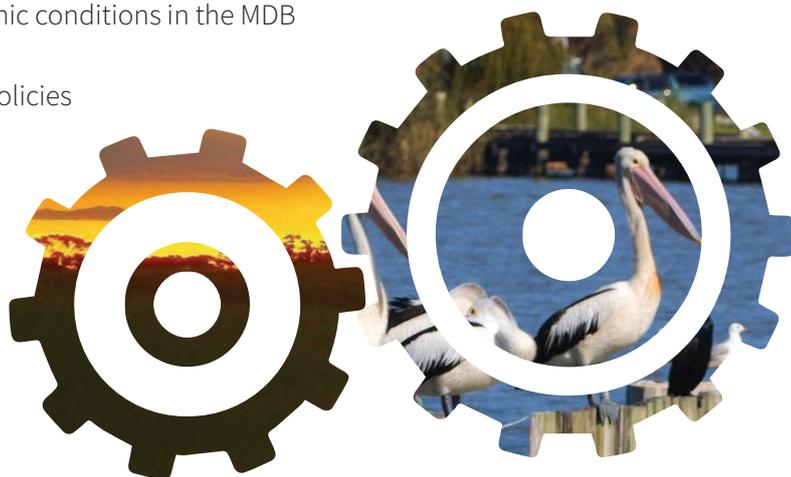
Responses to Government Inquiries and Advocacy

In addition to the work overseen by the MRLGA Committees and Working Groups, responses have been provided to the following:

- Independent Panel Assessment of Socio-economic conditions in the MDB
- Joint Standing Committee on Migration
- Draft Planning and Design Code – River Murray Policies

Matters progressed to LGA SA include:

- Public Interest Disclosure Act
- Voter roll process
- Lesson learnt – bushfires
- Sand Drift over roads
- Fines for flammable undergrowth notices



Audited Accounts

Auditors Declaration of Independence

AUDITOR'S INDEPENDENCE DECLARATION UNDER REGULATION 22(5) OF THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 2011 TO THE MEMBERS OF THE MURRAYLANDS AND RIVERLAND LOCAL GOVERNMENT ASSOCIATION

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there has been:

- i. no contraventions of the auditor independence requirements as set out in the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 in relation to the audit; and,
- ii. no contraventions of Section 290 of APES 110—Code of Ethics for Professional Accountants or any other applicable code of professional conduct in relation to the audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

14 / 09 / 2020



**Murraylands and Riverland
Local Government Association**

Murraylands and Riverland Local Government Association

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2020**

Murraylands and Riverland Local Government Association

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Murraylands and Riverland Local Government Association

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Income			
M&R LGA Contributions	2	172,661	143,436
Other Grants & Contributions	2	316,148	367,234
Interest Revenue	2	11,773	9,961
Total Revenue		<u>500,582</u>	<u>520,631</u>
Operating Expenses	3	(438,644)	(190,302)
Surplus (deficit) for the year		<u>61,938</u>	<u>330,329</u>
Total Comprehensive Profit (Loss)		<u>61,938</u>	<u>330,329</u>

The accompanying Notes form part of these financial statements

Murraylands and Riverland Local Government Association

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	945,263	902,359
Trade and Other Receivables	5	20,585	750
Total Current Assets		<u>965,848</u>	<u>903,109</u>
Total Assets		<u>965,848</u>	<u>903,109</u>
Liabilities			
Current Liabilities			
Trade and Other Payables	6	3,567	2,766
Total Current Liabilities		<u>3,567</u>	<u>2,766</u>
Total Liabilities		<u>3,567</u>	<u>2,766</u>
Net Assets		<u>962,281</u>	<u>900,343</u>
Member's Funds			
Accumulated Surplus	7	962,281	900,343
Total Members Funds		<u>962,281</u>	<u>900,343</u>

The accompanying Notes form part of these financial statements

Murraylands and Riverland Local Government Association

**STATEMENT OF CHANGES IN MEMBER'S FUNDS
AS AT 30 JUNE 2020**

	Note	Accumulated Surplus \$	Unspent funds reserve \$	Total \$
2020				
Balance at the beginning of the year	7	900,343	-	900,343
Surplus for the year		61,938	-	61,938
Balance at the end of year		<u>962,281</u>	<u>-</u>	<u>962,281</u>
2019				
Balance at the beginning of the year	7	570,014	-	570,014
Surplus for the year		330,329	-	330,329
Balance at the end of year		<u>900,343</u>	<u>-</u>	<u>900,343</u>

The accompanying Notes form part of these financial statements

Murraylands and Riverland Local Government Association

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Cash from operating activities			
Receipts from grants		316,148	367,234
Receipts from members		172,661	143,436
Interest received		11,773	9,961
less: increase/(decrease) in debtors		(19,835)	147,956
Payments to suppliers		(438,644)	(190,302)
add: increase/(decrease) in payables		801	(11,618)
Net cash provided from operating activities	8	<u>42,904</u>	<u>466,667</u>
Net increase in cash held		42,904	466,667
Cash at beginning of financial year		902,359	435,692
Cash at end of financial year	4	<u>945,263</u>	<u>902,359</u>

The accompanying Notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Note 1: Statement of Significant Accounting Policies

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

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

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

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

(a) Comparatives

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

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

(b) Cash and cash equivalents

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

(c) Income taxes

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

(d) Goods and Services Tax (GST)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

(e) Financial Instruments

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

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

Classification and subsequent measurement

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

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

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

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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.

Murraylands and Riverland Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

Where it has been determined that the grant agreement is enforceable and sufficiently specific performance obligations exist, revenue is recognised in profit and loss as performance obligations are met. Otherwise, revenue is recognised on receipt.

If an amount received is in advance of the performance of obligations, a revenue in advance liability is recognised and reduced as performance obligations are met.

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).

New Accounting Standards Implemented:

AASB 15: Revenue from contracts with customers and AASB 1058: Income of Not-for-Profit Entities have been applied using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be reported under AASB 1004: Contributions and AASB 118: Revenue.

(h) Trade and other payables

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

(i) Trade and other receivables

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

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

(j) Critical Accounting Estimates and Judgments

Key estimates

(i) Impairment - general

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

Murraylands and Riverland Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Note 2: Revenue	2020	2019
	\$	\$
M&M LGA Contributions		
Berri Barmera	21,423	21,319
Coorong District Council	15,266	14,120
DC of Karoonda East Murray	8,132	7,476
DC of Loxton Waikerie	23,071	27,566
Mid Murray Council	18,859	16,889
The Rural City of Murray Bridge	30,634	28,241
Renmark Paringa Council	19,032	18,965
Southern Mallee DC	9,784	8,860
SLRP surcharge	26,460	-
	<u>172,661</u>	<u>143,436</u>
 Other Grants & Contributions		
Other Grants	-	-
Rubble Royalties	177,787	194,542
Regional Capacity Buildings	41,221	40,692
Community Wellbeing Alliance	-	75,000
Out Reach Program Income	-	25,000
Riverland Social Indicators	84,790	32,000
Regional Road Hierarchy Plan	12,350	-
	<u>316,148</u>	<u>367,234</u>
 Interest Revenue	11,773	9,961
 Total Revenue	<u><u>500,582</u></u>	<u><u>520,631</u></u>

Murraylands and Riverland Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 3: Other Operating Expenses

	2020	2019
	\$	\$
Allowances	3,032	2,862
Accounting software	50	50
Audit fees	3,100	3,050
Executive officer contract services	118,500	121,393
Insurance	5,922	4,325
Meeting expenses	1,780	4,615
Sundry expenses & fees	382	-
Strategic Planning	12,210	-
Administration Support	20,240	18,273
Legal Charter Review	1,741	490
CEO Succession Planning / Recruitment	-	7,302
MDB Social Planning Forum	-	2,618
Project Expenditure:		
Discretionary Projects	66,222	1,192
Community Wellbeing Initiative	55,812	-
Regional Capacity - Rubble Royalty Project	6,000	-
Regional Joint Planning Board	12,005	-
Regional Waste Strategy	-	900
Riverland Social Indicators	131,648	23,232
	<u>438,644</u>	<u>190,302</u>

Note 4: Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	100	100
Cash at bank	67,311	136,180
LGFA Investment	877,852	766,080
	<u>945,263</u>	<u>902,360</u>

Note 5: Trade and other receivables

	2020	2019
	\$	\$
Trade Debtors	3,396	-
GST receivable / (payable)	17,189	-
Prepayments	-	750
	<u>20,585</u>	<u>750</u>

Note 6: Trade and other Payables

	2020	2019
	\$	\$
Payables	3,567	-
GST (receivable) / payable	-	2,766
	<u>3,567</u>	<u>2,766</u>

Murraylands and Riverland Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 7: Accumulated Surplus

	2020	2019
	\$	\$
Opening Balance	900,343	570,014
Surplus for the year	61,938	330,329
Balance at year end	962,281	900,343

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

	2020	2019
	\$	\$
Net surplus for the year	61,938	330,329
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(19,835)	147,956
Increase/(decrease) in trade and other payables	801	(11,618)
Net cash provided from operating activities	42,904	466,667

Murraylands and Riverland Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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	2020		2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6 (i)	3,567	3,567	2,766	2,766
Total Financial liabilities		3,567	3,567	2,766	2,766
Financial Assets					
Cash and cash equivalents	4	945,263	945,263	902,360	902,360
Trade and other Receivables	5	20,585	20,585	-	-
Total Financial Assets		945,263	945,263	902,360	902,360

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

i. Credit Risk

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

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

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

ii. Liquidity Risk

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

No assets have been pledged as security for any liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

iii. **Market Risk**

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

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

	2020		2019	
	% Weighted Average Interest rate	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	3,567	0%	2,766
Financial Assets				
Cash at bank	0%	67,311	0%	136,180
LGFA Investment	1.8%	877,852	1.8%	766,080
Cash on hand	0%	100	0%	100
Trade and other Receivables	0%	20,585	0%	-

Note 10: Contingent Liabilities and Contingent Assets

At 30 June 2020, 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 2020, 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

The World Health Organisation (WHO) announced a global health emergency on 31 January 2020 in relation to the 2019 novel coronavirus (COVID-19) outbreak. Since then, the Australian and South Australian governments have placed restrictions on business, sporting and social activities which will impact on the Association's revenue and expenses. At the date of this report, an estimate of the financial impact of these events cannot be made. The Association are ensuring adequate financial reserves are in place to manage any financial risks.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Note 13: Economic Dependence

Murraylands and Riverland 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 Murraylands and Riverland Local Government Association Incorporated during the year was as follows:

	2020
	\$
Chief Executive Officer Contract Services	118,500

Key management personnel include the CEO and President.

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

Note 15: Capital Management

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

Note 16: Association details

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

Murraylands and Riverland Local Government Association

STATEMENT BY MEMBERS FOR THE YEAR ENDED 30 JUNE 2020

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 Murraylands and Riverland Local Government Association as at 30 June 2020 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 Murraylands and Riverland 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: PETER R. HUNT
Position: President
Date: 11-9-20



Name: Tim SMYTHE
Position: Chief Executive
Date: 14-9-20

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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INDEPENDENT AUDITOR'S REPORT

To the members of the Murraylands & Riverland Local Government Association

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Murraylands and Riverland Government Association ("the Association"), which comprises the balance sheet as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Executive Officer and the Chairperson.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Responsibility for the Financial Report

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

In preparing the financial report, the Association is responsible for assessing the Association'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 Association's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Partner

14 / 09 / 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Murraylands & Riverland Local Government Association

Independent Assurance Report on the Audit of the Internal Controls of the Murray and Mallee Local Government Association

Opinion

We have audited the compliance of the Murraylands and Riverland Government Association (the Association) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Association 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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the Murraylands and Riverland Government Association has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Association 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 Association have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

Basis for Opinion

We conducted our engagement 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 Association 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 2019 to 30 June 2020. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Association's Responsibility for Internal controls

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

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Association's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Association 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 Association 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 2019 to 30 June 2020. 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, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Association 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 Association, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor

Partner

14 / 09 / 2020