

25<sup>th</sup> May 2018

## **AUDIT COMMITTEE MEMBERS**

**NOTICE** is given that the Audit (Section 41) Committee will meet in the following Meeting Room on the day, date and time as follows:

**Audit (Section 41) Committee**  
*(Conference Room - Level 1):*

Wednesday, 30 May 2018 at 5:00 p.m.

An agenda for the meeting is enclosed.



**Mark McSHANE**  
CHIEF EXECUTIVE OFFICER

## AGENDA INDEX

<b>1.</b>	<b>APOLOGY(IES)</b> .....	<b>1</b>
<b>2.</b>	<b>CONFIRMATION OF AUDIT (SECTION 41) COMMITTEE MINUTES</b> .....	<b>1</b>
<b>3.</b>	<b>QUESTIONS</b> .....	<b>1</b>
	3.1. With Notice .....	1
	3.2. Without Notice .....	1
<b>4.</b>	<b>DEPUTATIONS</b> .....	<b>1</b>
<b>5.</b>	<b>AUDIT (SECTION 41) COMMITTEE REPORTS</b> .....	<b>2</b>
	5.1. Quarter 3 Budget Revision for the financial year ending 30 June 2018 - Report No. AR18/17363 .....	3
	5.2. Internal Financial Controls 2017/2018 - Report No. AR18/17848.....	6
	5.3. Building and Structure Valuations for Insurance Estimates 2018/2019 - Report No. AR18/16965 .....	11
	5.4. Interim Management Letter FY2018 Galpins May 2018 incl. Management Responses - Report No. AR18/17363 .....	14
	5.5. 2018/2019 Annual Business Plan, Budget and Business Unit Planning Update - Report No. AR18/17362 .....	17
<b>6.</b>	<b>MOTION(S)</b> .....	<b>21</b>
	6.1. With Notice .....	21
	6.2. Without Notice .....	21
<b>7.</b>	<b>REPORT ATTACHMENTS</b> .....	<b>22</b>



## **AGENDA OF AUDIT (SECTION 41) COMMITTEE MEETING**

Meeting to be held in the Conference Room, Civic Centre, 10 Watson Terrace, Mount Gambier on  
Wednesday, 30 May 2018 at 5:00 p.m.

**PRESENT** Cr Sonya Mezinac (Presiding Member)  
Ms Vanessa McDonald  
Mr Tim Muhlhausler  
Mayor Andrew Lee (Ex Officio)

**COUNCIL OFFICERS** Chief Executive Officer - Mr M McShane  
General Manager Council Business Services - Mrs P Lee  
Manager Finance and Customer Service - Mr J Zwijnenburg  
Management Accountant - Ms K Rolton

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.**

### **1. APOLOGY(IES)**

Apology(ies) received from Ms Angela Kain

That the apology from Ms Angela Kain be received.

Moved:

Seconded:

### **2. CONFIRMATION OF AUDIT (SECTION 41) COMMITTEE MINUTES**

Meeting held on 14 February 2018

That the minutes of the Audit (Section 41) Committee meeting held on 14 February 2018 as previously circulated be confirmed as an accurate record of the proceedings of that meeting.

Moved:

Seconded:

### **3. QUESTIONS**

#### **3.1. With Notice**

Nil submitted.

#### **3.2. Without Notice**

### **4. DEPUTATIONS**

Nil



**5. AUDIT (SECTION 41) COMMITTEE REPORTS**

Audit (Section 41) Committee Reports commence on the following page.



**5.1. Quarter 3 Budget Revision for the financial year ending 30 June 2018 - Report No. AR18/17363**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	30 May 2018
<b>REPORT NO.</b>	AR18/17363
<b>RM8 REFERENCE</b>	AF11/863
<b>AUTHOR</b>	Jeroen Zwijnenburg
<b>SUMMARY</b>	Quarter 3 Budget Revision for the financial year ending 30 June 2018 provided to the Audit Committee for information and noting.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 3: Our Diverse Economy

<b>REPORT RECOMMENDATION</b>
(a) That Audit Committee Report No. AR18/17363 titled ' <i>Quarter 3 Budget Revision for the financial year ending 30 June 2018</i> ' as presented to the Audit Committee on 30 May 2018 be noted.

Moved:

Seconded:



## Background

The Council undertakes budget reviews in accordance with the Local Government (Financial Management) Regulations 2011, Regulation 9 that requires Council to prepare and consider the following reports relating to the review of budgets:

- 9.1(a) *At least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
- 9.1(b) *Between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*
- 9.2 *A council must also include in a report under sub regulation (1)(b) revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.*

Council undertakes the budget reviews in accordance with the following schedule:

<b>Budget Review</b>	<b>Inclusive Dates</b>	<b>Council Meeting in</b>
Quarter One (BR1)	1 July to 30 September	November
Quarter Two (BR2)	1 October to 31 December	February
Quarter Three (BR3)	1 January to 31 March	May

## Discussion

Details of these variances are provided in the report contained in Attachment 1 to this report. The City of Mount Gambier Proforma Comprehensive Financial Statements as at 31 March 2018 are included as Attachment 2 to this report.

Council adopted the Quarter 3 Budget Review (BR3) for the financial year 1 July 2017 to 30 June 2018 as detailed in Attachment 1 of this report titled 'Quarter Three Budget Review for the Financial Year Ending 30 June 2018'. The BR3 provided a \$582,000 forecast operating surplus, representing an improvement of \$259,000 from the Original Budget of \$323,000 operating surplus adopted by Council in June 2017 and an improvement of \$1,572,000 from Quarter Two Budget Review (BR2) of \$990,000 operating deficit.

## Conclusion

The Quarter 3 Budget Review allows for the delivery of the 2017/2018 Annual Business Plan as adopted by Council on 22 May 2018. The BR3 report and attachments are provided to the Audit Committee for information and noting.



**Attachments**

[Attachment 1 \(AR18/15602\):](#) Quarter 3 Budget Revision for financial year ending 30 June 2018

[Attachment 2 \(AR18/16987\):](#) City of Mount Gambier Proforma Comprehensive Financial Statements as at 31 March 2018



**Jeroen ZWIJNENBURG**  
ACTING GENERAL MANAGER COUNCIL BUSINESS SERVICES



**Mark McSHANE**  
CHIEF EXECUTIVE OFFICER

2 May 2018  
PL



**5.2. Internal Financial Controls 2017/2018 - Report No. AR18/17848**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	30 May 2018
<b>REPORT NO.</b>	AR18/17848
<b>RM8 REFERENCE</b>	AF17/261
<b>AUTHOR</b>	Kahli Rolton
<b>SUMMARY</b>	To provide an update on the assessment and review of mandatory controls as set by the Local Government Association of South Australia Better Practice Model – Internal Financial Controls, using the newly implemented Control Track program.  To introduce improvement plans that have resulted from the review of mandatory controls for completed assessments.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 3: Our Diverse Economy

**REPORT RECOMMENDATION**

- (a) That Audit Committee Report No. AR18/17848 titled '*Internal Financial Controls 2017/2018*' as presented to the Audit Committee on 30 May 2018 be noted.

Moved:

Seconded:





## Background

Section 125 of the Local Government Act 1999 states that Council must ensure appropriate policies, practices and procedures of internal control are implemented.

Report AR17/48838 Control Track Implementation Update was provided at the December 2017 Audit Committee Meeting, please refer to Attachment 1 of this document for a copy of this report.

Following on from report AR17/48838, Table 1 below, provides a further update of the proposed activities to ensure successful implementation of the Control Track program. Please note that items highlighted below represent Council's progression to date.

Table 1: Control Track Implementation Time Line

Activity	Person Delivering	Status
Telephone Conference with Control Track	Adrian Hollins – Control Track	Completed 6/11/2017
Onsite training from Control Track	Adrian Hollins – Control Track	Completed 10/11/2017
Prepare matrix of controls assigning assessors and reviewers (mandatory)	Kahli Rolton/Lisa Hinton	Completed 4/12/2017
Assign control guidance to all controls to assist assessors	Kahli Rolton/Lisa Hinton	Completed where appropriate 31/01/2018
Allocate assessment and review dates for Controls	Kahli Rolton/Lisa Hinton	Completed in January 2018
Input Council's current Risk Register to Risk Manager	Michael McCarthy	In progress
Project group meeting with key stakeholders to review proposed set up, establish a framework, training and communication roll out.	Kahli Rolton/ Jeroen Zwijnenburg/ Michael McCarthy	Completed 9/1/2018
Input details to Control Track program per matrix, dates, guidance etc. prepared above	Kahli Rolton/Lisa Hinton	Completed in January 2018
Training for relevant staff members	Kahli Rolton	25/01/2018
Assessments and Reviews to begin	Key stakeholder staff	From 01/02/2018 to May 2018
Report to Audit Committee following completion of initial assessments	Kahli Rolton	30 May 2018
Post Implementation Review	Kahli Rolton	Not Started
Continuous Improvement and Monitoring	Kahli Rolton	Ongoing

A large proportion of controls were reviewed prior to the interim audit being held 18-20 April 2018. Any remaining controls are continuing to be assessed and reviewed by relevant staff.

## Discussion

For the purposes of creating assessments in Control Track, 220 controls were summarised into 33 broad assessment categories.

For the 2017/2018 financial year management decided to review only the mandatory controls as set by the Local Government Association for South Australia, Better Practice Model – Internal Financial Controls, for the following reasons:



- Allowing administrators time for implementation, set up and training of the Control Track program.
- Allowing for familiarisation to the process as prior to Control Track, staff had not been responsible for self-assessment of controls relative to their work areas.
- Managing workloads by focus on mandatory controls, with a future move the additional and operator controls (i.e. non-mandatory controls).
- Acknowledging that there is no a legislative requirement to review additional and operator controls.

The addition of additional and operator controls will be introduced by Management on a needs basis and once staff are familiar with Control Track.

At the time of writing this report 25 out of 33 assessments have been completed.

The Control Track System provides a range of reports. Attachment 2 includes a summary of all assessments, including the number of controls reviewed within each broad assessment category and the number of improvements that have resulted from review of these controls.

A summary of items of focus that the assessors and reviewers have identified through this Control Track self-assessment process includes the following matters:

- Access to Master Files is generally not limited to the authorised officers listed in Council's Internal Financial Controls Procedure Manual. Audit Trails and source documents for making alterations to Master File access requires attention.
- Whole of Council register for all procedures and code of conduct with links to relevant documents is not currently in place. Council intends to implement training to update and ensure staff awareness.
- Detailed timeline to ensure all financial reporting requirements including taxation, statutory, management and audit reports are known and met. At present this is reliant on staff member diligence and knowledge. Establishment of an online calendar will further assist this process.
- Accrual and provisional accounting is not consistently applied and requires improvement.
- Conflict of Interest Declarations not implemented for staff approving grants to community groups and sporting clubs. A process to ensure declarations are completed for all applications is to be implemented.
- Whole of Council register for approval of grant/funding applications is required to ensure resourcing is adequate to meet any obligations of the funding. This has since been set up.
- Contract Management throughout the term of a contract can be further improved. Council has recently purchased a module within its enterprise wide management system to assist with this.
- Lock down of the tenders' email requires attention to ensure adequate segregation of duties at all times.
- Employee reimbursements can be processed without independent authorisation.
- The extent of Project scoping and accurate costing varies greatly and requires improvement.
- There is not one single register for all fixed assets of Council. A combination of multiple registers held on multiple systems is in existence to ensure accuracy of information and improved reporting for financial statements, depreciation, budgets, insurance, management plans and maintenance schedules. Centralisation of this data would improve consistency, completeness and accuracy.
- Signing off and dating of inventory stock take sheets is advised.

Control Track works on a standard rating system; each assessor and reviewer must rate a control using this system. Where a reviewer rates a control as partially effective or below, Control Track requires the reviewer to establish an improvement plan. Improvement plans have been established for the items listed above.



Table 2: Control Track Rating System

Rating	Description	Improvement Plan Required
1	Ineffective	Yes
2	Requires Significant Improvement	Yes
3	Partially Effective	Yes
4	Majority Effective	No
5	Effective	No

From the assessments completed, 44 improvements have been documented. Please refer to Attachment 3 for a listing of these improvements. This attachment also includes which staff member(s) has been nominated as the control improvement owner and timeframes for start and completion dates.

Automated email notifications are sent to nominated staff in line with relevant timeframes to ensure improvements are addressed on a timely basis. It should be noted that start and completion dates are set by the reviewer of the control who is usually a line manager or in a Management position and generally best placed to set realistic timeframes for nominated control improvement owners. The progression of all continuous improvements established in Control Track will continue to be a regular item on both the Management Executive Team and Audit Committee Agendas.

Management are committed to continuous improvement initiatives.

Control Track is just one means for recording and reporting financial control improvements. A major benefit of the Control Track tool is that it facilitates all actors to be involved in the assessment process.

More broadly across all of Council further continuous improvement initiatives are being documented, reviewed and incorporated using the process improvement plan template (refer Attachment 5).

## Conclusion

The customisation and implementation of Control Track for the assessment and review of mandatory controls has been completed. Of the 33 broad assessment categories developed, 25 have been reviewed and completed. Of the 220 controls that were summarised into the 33 broad categories, 44 improvement plans have been documented and assigned to relevant staff with varying start and completion dates.

The progression of improvement plans and review of the remaining eight assessment categories will continue to be regular item on both the Management Executive Team and Audit Committee Agendas.

## Attachments

[Attachment 1 \(AR17/48838\): Control Track Implementation Update](#)

[Attachment 2 \(AR18/17862\): Control Track – Summary Assessments including progress 2017/2018](#)

[Attachment 3 \(AR18/18167\): Control Track – Improvements for Completed Assessments – Master List 2017/2018 YES](#)

[Attachment 4 \(AR17/43253\): Process Improvement Plan - Template](#)





**Kahli ROLTON**  
MANAGEMENT ACCOUNTANT



**Jeroen ZWIJNENBURG**  
ACTING GENERAL MANAGER COUNCIL BUSINESS SERVICES

9 May 2018  
KR



**5.3. Building and Structure Valuations for Insurance Estimates 2018/2019 - Report No. AR18/16965**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	30 May 2018
<b>REPORT NO.</b>	AR18/16965
<b>RM8 REFERENCE</b>	AF11/773
<b>AUTHOR</b>	Kahli Rolton
<b>SUMMARY</b>	Update regarding insurance valuations for 2018/2019 financial year for Council's building and structure assets.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 3: Our Diverse Economy

<b>REPORT RECOMMENDATION</b>
(a) That Audit Committee Report No. AR18/16965 titled ' <i>Building and Structure Valuations for Insurance Estimates 2018/2019</i> ' as presented to the Audit Committee on 30 May 2018 be noted.

Moved:

Seconded:



## Background

To ensure Council's buildings and structures are appropriately valued for insurance purposes, Council recently obtained a desktop insurance valuation.

The last review of Council's building and structures valuations was completed in May 2016 by Opteon and encompassed physical inspection of Council's assets.

Three businesses were asked to provide a quotation for a desktop update of valuations for insurance purposes of buildings and structures for the City of Mount Gambier as at 30 June 2018. Of the three businesses, two provided quotes and Opteon was successful based on price and currency of their information.

## Discussion

A detailed report from Opteon is provided in Attachment 1 to this report for review. The report shows that since the last valuation at 1 July 2016, insurance values for buildings have increased 4.64% and 6.72% for structures. Overall, total insurance values have increased 5.13%.

Information provided by Opteon has been crosschecked to Council's asset registers and is currently being entered into Council's asset module within the enterprise wide Authority system. For noting the insurance information has not previously been entered into Council's assets module, by doing so this year will create one source of information for reference for staff and enable easier crosschecking in future years.

Council is self-insured through the Local Government Risk Services (LGRS). The updated insurance valuations have been supplied to the LGRS for calculating of Council's 2018/2019 insurance premiums. For information, the value of buildings and structures insured in 2016/2017 totaled \$174,139,855 and has decreased to \$151,809,769 for the 2018/2019 financial year. The main contributors to the decrease being:

- Demolition of the SA Ambulance building
- Removal of buildings not considered under Council control and deemed to be adequately insured by the controlling parties:
  - Malseed Park Gymnasium
  - Ice House Basketball Stadium.

Please note there is a difference of \$4,138,171 between the total insurance values of \$147,671,598 per Opteon (see Attachment 1) and Council's actual insurance value for the following reasons:

- A few buildings and structures are not considered under Council control however Council maintains the insurance and oncharges to the controlling tenant.
- Buildings and structures considered non-fixed are not recorded by Opteon, however Council insures them, for example, the portable nativity scene.
- Other items, such as:
  - Mayoral Jewellery
  - Library Book and digital stocks
  - Inventory.

## Conclusion

Insurance valuations of Council's buildings and structures have been obtained by professional property valuers, Opteon as at 30 June 2018. This resulted in a total insurance value increase of 5.13% from the last valuation completed as at 1 July 2016.



Updated insurance values have been forwarded to Local Government Risk Services.

**Attachments**

[Attachment 1 \(AR18/18669\):](#)

[Opteon Insurance Valuations Buildings and Structures as at 30/06/2018 for City of Mount Gambier – Amended – Final Report](#)



**Kahli ROLTON**  
MANAGEMENT ACCOUNTANT



**Jeroen ZWIJNENBURG**  
ACTING GENERAL MANAGER COUNCIL BUSINESS SERVICES

15 May 2018  
KR



**5.4. Interim Management Letter FY2018 Galpins May 2018 incl. Management Responses - Report No. AR18/17363**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	30 May 2018
<b>REPORT NO.</b>	AR18/18776
<b>RM8 REFERENCE</b>	AF11/773
<b>AUTHOR</b>	Jeroen Zwijnenburg
<b>SUMMARY</b>	Galpins have issued the Interim Management Letter for the 2018 financial year controls audit. This includes their findings, recommendations as well as Council's management responses to these recommendations.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 3: Our Diverse Economy

<b>REPORT RECOMMENDATION</b>
(a) That Audit Committee Report No. AR18/18776 titled ' <i>Interim Management Letter FY2018 Galpins May 2018 incl. Management Responses</i> ' as presented to the Audit Committee on 30 May 2018 be noted.

Moved:

Seconded:





## Background

Amendments to s129 of the Local Government Act 1999 require auditors to provide an opinion regarding internal controls of councils. This opinion focuses on councils' obligations under s125 of the Local Government Act 1999:

*“A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.”*

Council's auditors, Galpins, have issued this report following their visit from 18 to 20 April 2018.

## Discussion

The Interim Audit Management Letter is included as Attachment 1 to this report for review. The report indicates the following:

“Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we noted that most of the key internal controls reviewed were in place and were operating effectively (65 out of 71 core controls reviewed). The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

Whilst the total number of effective controls remains consistent with the prior year, there has been a good level of progress made towards addressing the identified control gaps since the prior period. Details of this progress can be found within the detailed findings in section 2 of this report.”

Detailed findings supporting the above conclusion, including the controls tested as per the Better Practice Model, findings and recommendations are provided the detailed report.

These findings related to Purchase, Procurement and Contracting, to the General Ledger and to Credit Cards and include one Business Practice Weakness, three Low Risk Weaknesses and three Moderate Weaknesses.

Council's management responses to these findings are focused on steps to mitigate the identified weaknesses and have been implemented since the receipt of the draft Interim Audit Management Letter.

## Conclusion

The Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

In regards to the identified weaknesses Council has implemented steps to address these findings since the receipt of the report from our Auditors.



**Attachments**

[Attachment 1 \(AR18/18936\):](#)

[Interim Audit Management Letter 2018](#)



**Jeroen ZWIJNENBURG**  
Acting GENERAL MANAGER COUNCIL BUSINESS SERVICES



**Mark MCSHANE**  
CHIEF EXECUTIVE OFFICER

14 May 2018  
KR



**5.5. 2018/2019 Annual Business Plan, Budget and Business Unit Planning Update - Report No. AR18/17362**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	30 May 2018
<b>REPORT NO.</b>	AR18/17362
<b>RM8 REFERENCE</b>	AF11/863
<b>AUTHOR</b>	Jeroen Zwijnenburg
<b>SUMMARY</b>	This report provides an update on Council's Annual Business Plan, Budget and Business Unit Planning process and progress.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 3: Our Diverse Economy

**REPORT RECOMMENDATION**

- (a) That Audit Committee Report No. AR18/17362 titled '*2018/2019 Annual Business Plan, Budget and Business Unit Plan Update*' as presented to the Audit Committee on 30 May 2018 be noted.

Moved:

Seconded:



## Background

Each year Council prepares and adopts a draft and a final version of its Annual Business Plan and Budget (ABP&B) in accordance with the:

- Local Government Act 1999 (the Act) Section 123; and
- Local Government (Financial Management) Regulations 2011 (the Regulations) 6 and 7.

The following are the steps leading up to preparation of the draft 2018/2019 ABP&B:

19 September 2017	• Long Term Financial Plan adopted by Council
20 February 2018	• Schedule of Fees and Charges for 2018/2019 adopted by Council • Quarter 2 Budget Review for 2017/2018 adopted by Council • Updated on progress to plan against the Community Plan 2016-2020 adopted by Council • Long Term Infrastructure and Asset Management Program adopted by Council
19 February 2018	• Councillor Budget Workshop No. 1 held
3 April 2018	• Councillor Budget Workshop No. 2 held
17 April 2018	• Draft 2018/2019 Annual Business Plan and Budget and Community Consultation approach adopted by Council

Section 123(5) of the Act requires the Council to consult with the Community for at least 21 days on its draft ABP&B. Dates for the community consultation on the draft 2018/2019 ABP&B are:

Tuesday 17 April 2018	Council meeting to consider the Draft ABP&B and Community Consultation process
Friday 20 April 2018	Community Consultation advertised and opens (subject to Councillor approval)
5pm, Friday 11 May 2018	Community Consultation closes (21 days from start date)
Tuesday 22 May 2018	Special Council meeting including public submissions and further input from Councillors
Tuesday 19 June 2018	Council meeting to consider and adopt the Final ABP&B
Tuesday 26 June 2018	Special Council meeting (if required) to adopt the Final ABP&B

Section 123 (7) states that each budget of council must be adopted by the council after the council has adopted its Annual Business Plan.

Regulations 9 requires each council to prepare and consider at least two budget reviews during the period 30 September and 31 May. The City of Mount Gambier prepares and considers three budget reviews within a financial year including the current financial year, 2017/2018. Quarter 3 Budget Review for the 2017/2018 is the subject of Audit Committee report AR18/17363 titled *Quarter 3 Budget Review for the financial year ending 30 June 2018*.

An Integrated Planning and Budget Framework and Timeline (previously provided to the Audit Committee) are as an conceptual overview on a page to guide, focus and align Council's planning and budgeting across the financial year, from strategic planning to ABP&B to Business Unit Planning through to individual Performance Development Plans and key performance indicator reporting. The Integrated Planning and Budget Framework and Timeline is provided as Attachment 2 to this report.



Business Unit Plans are prepared by each business unit with Council with preparation cascading from the ABP&B process. The Business Unit Plans are also used to identify and cascade improvement initiatives and key performance indicators to individual staff and are incorporated into the Performance Review Process.

## Discussion

The draft 2018/2019 ABP&B aligns with Council's Community Plan, Strategic Management Plans and are informed by Councillor workshop discussions listed above; and on the best available information and knowledge at the time; and has involved significant analysis, time and resources.

At the time of preparing this report the draft 2018/2019 ABP&B were out for community consultation with the Special Council meeting schedule for 22 May 2018 to receive the report on community consultation and hear any verbal submissions.

A verbal update on the community consultation will be available to provide to the Audit Committee meeting.

The final 2018/2019 ABP&B is scheduled to be presented to the Council meeting on 19 June 2018 for consideration.

Once adopted the draft becomes the final 2018/2019 ABP&B and will be published on Council's website, available in hard copy at Council's Customer Service counter and a Summary Annual Business Plan brochure is prepared for inclusion in the first rates instalment for 2018/2019 and is also available at the Customer Service counter.

The BUPs are developed to support and align with the ABP&B. The BUPs:

- Guide Council's business units in business as usual, service reviews and continuous improvement initiatives for the financial year
- Cascade and inform individual performance planning for each staff member
- Key performance indicators are entered in Council's performance management system at the organisational and individual level.

The Community Plan 2016/2020 (organisational) level key performance indicators are updated and reported to Council on a quarterly basis.

## Conclusion

This 2018/2019 Annual Business Plan, Budget and Business Unit Planning Update report is provided as an update and for information to the Audit Committee and for noting.

## Attachments

[Attachment 1 \(AR18/14594\): Draft 2018/2019 Annual Business Plan and Budget](#)  
[Attachment 2 \(AR18/5007\): Integrated Planning and Budget Framework](#)





**Jeroen ZWIJNENBURG**  
ACTING GENERAL MANAGER COUNCIL BUSINESS SERVICES



**Mark McSHANE**  
CHIEF EXECUTIVE OFFICER

2 May 2018  
PL



**6. MOTION(S)**

**6.1. With Notice**

Nil Submitted

**6.2. Without Notice**

Meeting closed at                      p.m.

AR18/19806



**7. REPORT ATTACHMENTS**







## COUNCIL RESOLUTION – 15 May 2018

### 13.5. Quarter Three Budget Review for financial year ending 30 June 2018 - Report No. AR18/15602

- (a) That Strategic Standing Committee Report No. AR18/15602 titled '*Quarter Three Budget Review for Financial Year Ending 30 June 2018*' as presented to the Strategic Standing Committee on 7 May 2018 be noted.
- (b) That Council adopts the Quarter Three Budget Review (BR3) for the financial year 1 July 2017 to 30 June 2018 as detailed in Attachment 1 of the report titled '*Quarter Three Budget Review for the Financial Year Ending 30 June 2018*' which reflects a \$582,000 forecast operating surplus.

This represents an improvement of \$259,000 from the Original Budget of \$323,000 operating surplus and an improvement of \$1,572,000 from Quarter Two Budget Review (BR2) of \$990,000 operating deficit.

Moved: Cr Morello

Seconded: Cr Von Stanke

Carried

**REPORT TITLE**

**Quarter Three Budget Review for financial year ending  
30 June 2018**

<b>COMMITTEE</b>	Strategic Standing Committee
<b>MEETING DATE:</b>	7 May 2018
<b>REPORT NO.</b>	AR18/15602
<b>RM8 REFERENCE</b>	AF16/329
<b>AUTHOR</b>	Jeroen Zwijnenburg
<b>SUMMARY</b>	This report provides the Quarter Three Budget Review for the period ending 31 March 2018 within the financial year ending 30 June 2018 for consideration by the Committee.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

**REPORT RECOMMENDATION**

- (a) That Strategic Standing Committee Report No. AR18/15602 titled '*Quarter Three Budget Review for Financial Year Ending 30 June 2018*' as presented to the Strategic Standing Committee on 7 May 2018 be noted.
- (b) That Council adopts the Quarter Three Budget Review (BR3) for the financial year 1 July 2017 to 30 June 2018 as detailed in Attachment 1 of the report titled '*Quarter Three Budget Review for the Financial Year Ending 30 June 2018*' which reflects a \$582,000 forecast operating surplus.

This represents an improvement of \$259,000 from the Original Budget of \$323,000 operating surplus and an improvement of \$1,572,000 from Quarter Two Budget Review (BR2) of \$990,000 operating deficit.



## Background

In accordance with the Local Government (Financial Management) Regulations 2011, Regulation 9 requires Council to prepare and consider the following reports relating to the review of budgets:

- 9.1(a) *At least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
- 9.1(b) *Between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*
- 9.2 *A council must also include in a report under sub regulation (1)(b) revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.*

Council has scheduled to undertake and present budget reviews as follows:

Budget Review	Inclusive Dates	Council Meeting in
Quarter One (BR1)	1 July to 30 September	November
Quarter Two (BR2)	1 October to 31 December	February
Quarter Three (BR3)	1 January to 31 March	May

Section 123 7(a)(b) of the Local Government Act 1999 (the 'Act') states that each budget of council must:

- 7(a) *Be considered in conjunction with the council's annual business plan (and must be consistent with that plan, as adopted); and*
- 7(b) *Be adopted by the council after the council has adopted its annual business plan.*

Table 1: Financial matters resolved by Council since adoption of the original 2017/2018 Budget and indication of inclusion of the financial implications in a Budget Reviews for this financial year.

Council Meeting Item	Description	Resolution	Included in
14.03	Mount Gambier Community RSL Discretionary Rebate	(a) That Council Report No. AR17/41827 titled 'RSL Discretionary Rate Rebate' as presented to the Council on 17 October 2017 be noted. (b) That Council agree to a discretionary rate rebate for the RSL Assessment Numbers 1191/2884/13760 commencing from 1 July 2017 of 50% on each of the	BR1 BR2 BR3



		rateable areas over a 2 year period to be reviewed at the conclusion of the 2 year period.	
13.4	Commercial Hall Kitchen Future Operation	<p>(a) That Strategic Standing Committee Report No. AR17/28073 titled 'City Hall Commercial Kitchen Future Operation' as presented to the Strategic Standing Committee on 7 August 2017 be noted.</p> <p>(b) The Commercial Kitchen and Community Kitchen be reconfigured and consolidated into the Commercial Kitchen space.</p> <p>(c) The Community Kitchen equipment where possible is used in the Commercial Kitchen and the Community Kitchen be utilised as storage and/or general purpose area.</p> <p>(d) The City Hall Kitchen be made accessible to:</p> <ul style="list-style-type: none"> <li>• Pre-qualified commercial caterers at a fee and bond recognising the commercial nature of the hire.</li> <li>• General users (non-commercial caterers) at a fee and bond recognising the nature of the use.</li> <li>• Council's 2017/2018 building maintenance budget is reviewed and re-prioritised with an amount of up to \$20,000 reallocated to the required City Hall kitchen upgrades.</li> </ul>	BR1 BR2 BR3
13.19	Capex Carry Overs from 2016/2017	<p>(a) That Operational Standing Committee Report No. AR17/34863 titled 'Capital Expenditure Carry Overs from 2016/2017' as presented to the Operational Standing Committee on 12 September 2017 be noted.</p> <p>(b) That the Work In Progress allocations from 2016/2017 as presented with this report be adopted by Council with all amendments made to the 2017/2018 Council Budget.</p>	BR1 BR2 BR3
14.04	2017 New Year's Eve Event	<p>(a) That Council Report No. AR17/41824 titled '2017 New Year's Eve Event' as presented to the Council on 17 October 2017 be noted.</p> <p>(b) That Council acknowledge the considerable effort taken by the Mount Gambier Community Events committee to reduce costs and secure additional sponsorship.</p> <p>(c) That Council approve a one off sponsorship increase of \$5,000 cash and \$500 in-kind support (totalling \$10,000 cash and \$3,000 in-kind) for the 2017 New Year's Eve event from GL6240.0038.</p>	BR2 BR3
13.08	Initial Public Wi-Fi Project	<p>(a) That Operational Standing Committee Report No. AR17/37775 titled 'Initial Public Wi-Fi Project' as presented to the Strategic Standing Committee on 13 November 2017 be noted.</p> <p>(b) That Council accept the quotation from TDRS and proceed with the proposed installation of the Wi-Fi hardware at the Blue Lake, Umpherston Sinkhole and Railway Lands.</p>	BR2 BR3
13.36	Design and Construction of Civic Centre Flytower Façade - Project Completion	<p>(a) That Operational Standing Committee Report No. AR17/43690 titled 'Design and Construction of Civic Centre Flytower Façade - Project Completion' as presented to the Operational Standing Committee on 14 November 2017 be noted.</p>	BR2 BR3



		<p>(b) That Council authorise the Chief Executive Officer to amend the contract with Dycer Construction for the Civic Centre Flytower Upgrade to a final contract amount of \$1,386,000 (plus GST) including contingencies and professional fees.</p> <p>(c) That Country Arts SA be invoiced for 50% of the works, including professional fees.</p> <p>(d) That Council refer the estimated shortfall of \$8,000 between its current budget allocation (\$685,000, 2016/2017 and 2017/2018) and the final contract price including professional fees to a future budget review, with the view that the increased costs be offset by reductions in expenditure within the Capital Works Program (resulting in nil impact on the budget).</p>	
13.41	Country Arts 25 Years Celebration	<p>(a) That Operational Standing Committee Report No. AR17/45790 titled 'Country Arts 25 Years Celebration' as presented to the Operational Standing Committee on 14 November 2017 be noted.</p> <p>(b) That Council support the proposal as presented for 'Country Arts 25 Years Celebration' to the value of \$15,000 to be paid as follows:</p> <ul style="list-style-type: none"> <li>• First instalment of \$7,000 from 2017-2018 budget (GL6350.0805).</li> <li>• Second instalment of \$8,000 be allocated to GL 6350.0805 in the 2018-2019 budget preparation.</li> </ul>	BR3
13.24	Borderline Speedway - Request for Additional Sponsorship	<p>(a) That Operational Standing Committee Report No. AR17/48852 titled 'Borderline Speedway - Request for Additional Sponsorship' as presented to the Operational Standing Committee on 12 December 2017 be noted.</p> <p>(b) That Council commits a further financial contribution of \$10,000 in addition to the \$15,000 provided in May 2016 to the Borderline Speedway Australian Sprintcar Title to be held in January 2018. The additional contribution be factored into the next budget review.</p> <p>(c) The further amount of \$10,000 will secure naming rights for the event being "The City of Mount Gambier Australian Sprintcar Title".</p> <p>(d) That Council staff liaise with the Borderline Speedway regarding the marketing and promotion of the Australian Sprintcar Title to maximise the promotion of Mount Gambier City.</p> <p>(e) That promotional marketing material developed for the event by the Borderline Speedway acknowledge the City of Mount Gambier.</p> <p>(f) That appropriate banners and other signage is displayed at the Border Speedway promoting Mount Gambier.</p>	BR3
13.39	Ancient Rome Exhibition	<p>(a) That Operational Standing Committee Report No. AR17/45747 titled 'Exhibition - Ancient Rome: The Empire that Shaped the World' as presented to the Operational Standing Committee on 14 November 2017 be noted.</p>	NA



		<p>(b) That Council support the proposal as presented for 'Ancient Rome: The Empire that Shaped the World' for the period 16 August 2019 - 10 November 2019 be supported and the 2018/2019 and 2019/2020 budget incorporate both the expenditure and anticipated income.</p> <p>(c) That Council, once costs have been recovered for Ancient Rome: The Empire that Shaped the World, allocate surplus revenue to support future exhibition and programming for the Riddoch Art Gallery.</p>	
13.40	2018 Mount Gambier Fringe Festival	<p>(a) That Operational Standing Committee Report No. AR17/45777 titled '2018 Mount Gambier Fringe Festival' as presented to the Operational Standing Committee on 14 November 2017 be noted.</p> <p>(b) That Council approve to progress a 2018 Mount Gambier Fringe event with the funding secured by Country Arts SA via Arts SA. That Council representatives be involved in the planning and delivery of the event to support the cultural development of local artists.</p>	BR3
13.21	Kitchen Caddy Roll Out Stage 2	<p>(a) That Environmental Sustainability Sub-Committee Report No. AR17/43697 titled 'Kitchen Caddy Rollout Stage 2' as presented to the Operational Standing Committee on 13 February 2018 be noted.</p> <p>(b) That Council roll out the kitchen caddy system to all remaining 2018/2019 green waste subscribers at an approximate cost of \$53,000.</p> <p>(c) In the 2018/2019 financial year Council purchase replacement compostable bags at an approximate cost of \$27,000. Residents should be entitled to one 'free' roll of compostable bags per financial year. The annual green waste fee should be increased to \$86.30 (pro rata) to cover this cost. Additional rolls of replacement bags should be made available to residents for purchase at a cost of \$6 per roll. This replacement compostable bag system should be undertaken on an ongoing annual basis.</p> <p>(d) Council subscribe to the Compost Revolution program for the 2018/2019 financial year at an approximate cost of \$3,790.</p>	NA
13.27	Supplementary Local Roads Funding and Roads to Recovery Funding updates to works programs	<p>(a) That Operational Standing Committee Report No. AR18/2076 titled 'Supplementary Local Roads Funding and Roads to Recovery Funding updates to Roads Program' as presented to the Operational Standing Committee on 13 February 2018 be noted;</p> <p>(b) That Council:</p> <ul style="list-style-type: none"> <li>• Bring forward the reconstruction of Elizabeth Street (Commercial Street to Jane Street) to the 2017/2018 works program and use 50% of the current funding available from Caldwell Street reconstruction, in order to expend the funds received from the Special Local Roads Funding (SLRF); and</li> <li>• That any additional funding required to match the \$140,000 Special Local Roads Funding (SLRF) be</li> </ul>	BR3



		<p>acquired from any surplus within the current 2017/2018 works program.</p> <p>(c) That Council make the following adjustments to the Roads to Recovery Program (R2R) in order to expend all funds available for this program by the end of 2018/2019 financial year;</p> <ul style="list-style-type: none"> <li>• 2017/2018 R2R Program to now include Railway Terrace (Bay Road to Elizabeth Street) reconstruction - \$207,308 to the original program of works.</li> <li>• 2018/2019 R2R Program to comprise the following road reconstruction projects: Robin Street (Brolga Street to Finch Street) - \$66,000; Helen Street (Elizabeth Street to Gray Street) - part funded by R2R - \$104,658; Laurie Street (Shepherdson Road to Millard Street) - \$50,000.</li> </ul>	
13.07	Project Management - Proposed Indoor Recreation Centre	<p>(a) That Council allocates \$30,000 this financial year for the preparation of documentation for a proposed multifunctional indoor recreation and aquatics centre, including a feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report.</p> <p>(b) That documentation to be tabled at the Strategic Standing Committee meeting by or prior to July 2018.</p> <p>(c) That the documentation will form the basis of an extensive community and stakeholder engagement process to be determined after the completion of the above reports.</p> <p>(d) That council establish a working party comprising the Mayor, Councillors (to be determined at tonight's meeting), the Chief Executive Officer, the General Manager City Growth and other relevant stakeholders as determined by the working party, to develop an expression of interest for the Federal Government's Regional Growth Fund. The EOI will be further considered by Council ahead of potential lodgement by the 27th April.</p>	BR3
13.24	Planning and Development Fund Grant for Stage 3 Rail Trail Development	<p>(a) That Operational Standing Committee Report No. AR18/7767 titled 'Planning and Development Fund Grant for Stage 3 Rail Trail Development' as presented to the Operational Standing Committee on 13 March 2018 be noted.</p> <p>(b) That Council accept the \$250,000 funding offer made via the 2017/2018 planning and development fund grant and sign the deed agreement to make this effective.</p> <p>(c) That Council make an allocation of \$250,000 in the 2018/2019 budget as a matching contribution to the funds offered as required under the terms of the offer.</p>	BR3



## Discussion

### Comparison to the adopted Annual Business Plan and Budget 2017/2018

	BR3 2017/2018 \$	BR2 2017/2018 \$	BR1 2017/2018 \$	Original 2017/2018 \$
Revenues - City Growth	4,114,000	4,255,000	4,253,000	3,514,000
Revenues - City Infrastructure	794,000	616,000	811,000	811,000
Revenues - Community Wellbeing	496,000	518,000	518,000	518,000
Revenues - Council Business Services	23,764,000	22,548,000	22,321,000	23,235,000
Revenues - Total	29,168,000	27,937,000	27,903,000	28,078,000
Expenses - City Growth	4,195,000	4,234,000	4,249,000	3,708,000
Expenses - City Infrastructure	12,712,000	12,713,000	12,521,000	12,515,000
Expenses - Community Wellbeing	4,601,000	4,604,000	4,407,000	4,368,000
Expenses - Council Business Services	5,151,000	5,456,000	5,351,000	5,340,000
Expenses - Office of CEO	1,927,000	1,920,000	1,843,000	1,824,000
Expenses - Total	28,586,000	28,927,000	28,371,000	27,755,000
Council - Total	582,000	(990,000)	(468,000)	323,000

The original adopted 2017/2018 Annual Business Plan and Budget included:

- An operating surplus of \$323,000
- Net capital expenditure (Capex) \$6,883,000

The 2017/2018 Quarter Three Budget Review has resulted in the following changes to the budget position:

- An operating surplus of \$582,000
- Net Capex of \$8,597,000

Note: The material decrease in capital expenditure is due to:

- \$1,314,000 Capex carried forward from 2016/2017 financial year; and
- \$156,000 to bring to account Carinya Gardens Cemetery.

### Commentary on Quarter Three Budget Review for 2017/2018

The Quarter Three Budget Review reflects a \$582,000 forecasted operating surplus. This represents an improvement of \$259,000 from the Original Budget of \$323,000 operating surplus and an improvement of \$1,572,000 from Quarter Two Budget Review (BR2).

The material changes as at quarter three budget review are:

1. An increase of \$1,443,000 in grants. This is bringing us back to the assumption in the original budget of a 50% prepayment of the Federal Assistance Grant (FAG) for 2018/2019 and is





consistent with the assumptions in the 2018/2019 Draft Budget. This is based on the historical receipting of a 50% prepayment in late June of the FAG.

2. An additional \$250,000 in capital revenue for the Rail Trail foot and bike path grant that will be received this financial year.
3. Adjustments of other revenues updated to reflect their year-to-date projections to 31 March 2018. These other revenue decreased the result by \$96,000.
4. A reduction by \$151,000 of interest expense from the Local Government Financing Authority Cash Advance Debentures (CADs), as CADs are not assessed to be used in 2017/2018.
5. A remaining \$176,000 relating to a number of smaller adjustments in expenditure to reflect current expectations.
6. Not impacting the Operating Surplus, but reported under Non-Operating and part of Comprehensive Income is the following significant item: The realisation of the demolition of the St John Ambulance Centre and the CWA Hall that will trigger an impairment for the value of the asset at the time of demolition, having a combined impact of \$1,204,000. This has been incorporated in this review.

## Conclusion

The Quarter Three Budget Review forecasts an operating surplus of \$582,000 in comparison to the original budget adopted by Council on 5 July 2017 that forecast an operating surplus of \$323,000. This equates to a movement of \$259,000 surplus from the adopted original budget to the Quarter Three Budget Review.

Details of these variances are provided in the discussion section of this report.

This budget review allows for the delivery of the 2017/2018 Annual Business Plan as previously adopted by Council on 5 July 2017.

## Attachments

[Attachment 1 \(AR18/16987\):](#)

[City of Mount Gambier Proforma Comprehensive Financial Statements as at 31 March 2018](#)



**Kahli ROLTON**  
MANAGEMENT ACCOUNTANT



**Jeroen Zwijnenburg**  
MANAGER FINANCE AND CUSTOMER SERVICE



**Pamela LEE**  
GENERAL MANAGER COUNCIL BUSINESS SERVICES

30 April 2018  
JZ



<b>CITY OF MOUNT GAMBIER</b>					
<b>PROFORMA STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>for the period ending 31 March 2018</b>					
		FY BR3 - 2018	FY BR2 - 2018	FY Budget 2018	2017
	Notes	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>					
Rates	2	20,563	20,569	20,548	19,672
Statutory charges	2	446	423	423	422
User charges	2	4,040	4,282	3,554	4,514
Grants, subsidies and contributions	2	3,457	2,010	3,162	4,858
Investment income	2	65	48	15	36
Reimbursements	2	135	142	105	196
Other income	2	463	463	271	650
<b>Total Income</b>		<u>29,168</u>	<u>27,937</u>	<u>28,078</u>	<u>30,348</u>
<b>EXPENSES</b>					
Employee costs	3	11,098	11,067	10,917	10,037
Materials, contracts & other expenses	3	10,364	10,570	9,883	10,862
Depreciation, amortisation & impairment	3	6,925	6,964	6,630	7,331
Finance costs	3	199	325	325	269
<b>Total Expenses</b>		<u>28,587</u>	<u>28,926</u>	<u>27,755</u>	<u>28,498</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		582	(990)	323	1,850
Asset disposal & fair value adjustments	4	(1,204)	6	10	48
Amounts received specifically for new or upgraded assets	2	140	295	295	2,189
Physical resources received free of charge	2	-	-	-	1,212
<b>NET SURPLUS / (DEFICIT)</b>		<u>(482)</u>	<u>(689)</u>	<u>628</u>	<u>5,299</u>
transferred to Equity Statement					
<b>Other Comprehensive Income</b>					
<i>Amounts which will not be reclassified subsequently to operating result</i>					
Changes in revaluation surplus - infrastructure, property, plant & equipment	9				(13,457)
<b>Total Other Comprehensive Income</b>		-	-	-	(13,457)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(482)</u>	<u>(689)</u>	<u>628</u>	<u>(8,158)</u>
<b>Share of Net Surplus / (Deficit)</b>					
Council		(482)	(689)	628	5,299
Minority Interest		(482)	(689)	628	5,299
<b>Share of Other Comprehensive Income</b>					
Council		-	-	-	(13,457)
Minority Interest		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(482)</u>	<u>(689)</u>	<u>628</u>	<u>(8,158)</u>

**CITY OF MOUNT GAMBIER**

**PROFORMA STATEMENT OF FINANCIAL POSITION**  
for the period ending 31 March 2018

	Notes	FY BR3 - 2018 \$'000	FY BR2 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	1,401	2,240	246	3,028
Trade & other receivables	5	1,366	1,366	1,158	1,366
Other financial assets	5	-	-	-	-
Inventories	5	32	32	39	32
		<u>2,799</u>	<u>3,638</u>	<u>1,443</u>	<u>4,426</u>
Non-current Assets held for Sale	20	-	-	-	-
<b>Total Current Assets</b>		<u>2,799</u>	<u>3,638</u>	<u>1,443</u>	<u>4,426</u>
<b>Non-current Assets</b>					
Financial assets	6	35	35	28	35
Equity accounted investments in Council businesses	6	-	-	-	-
Infrastructure, property, plant & equipment	7	229,169	228,149	239,007	228,256
Other non-current assets	6	-	-	-	-
<b>Total Non-current Assets</b>		<u>229,204</u>	<u>228,184</u>	<u>239,035</u>	<u>228,291</u>
<b>Total Assets</b>		<u>232,003</u>	<u>231,822</u>	<u>240,478</u>	<u>232,717</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade & other payables	8	2,962	2,962	2,092	2,962
Borrowings	8	206	206	2,405	206
Provisions	8	3,288	3,288	2,435	3,288
Other current liabilities	8	-	-	-	-
		<u>6,456</u>	<u>6,456</u>	<u>6,932</u>	<u>6,456</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-	-	-
<b>Total Current Liabilities</b>		<u>6,456</u>	<u>6,456</u>	<u>6,932</u>	<u>6,456</u>
<b>Non-current Liabilities</b>					
Trade & Other Payables	8	-	-	-	-
Borrowings	8	2,572	2,584	2,778	2,790
Provisions	8	3,599	3,599	209	3,599
Liability - Equity accounted Council businesses	8	-	-	-	-
Other Non-current Liabilities	8	-	-	-	-
<b>Total Non-current Liabilities</b>		<u>6,171</u>	<u>6,183</u>	<u>2,987</u>	<u>6,390</u>
<b>Total Liabilities</b>		<u>12,627</u>	<u>12,639</u>	<u>9,919</u>	<u>12,845</u>
<b>NET ASSETS</b>		<u>219,376</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>
<b>EQUITY</b>					
Accumulated Surplus		55,363	55,170	60,366	55,859
Asset Revaluation Reserves	9	160,983	160,983	168,966	160,983
Available for sale Financial Assets	9	-	-	-	-
Other Reserves	9	3,030	3,030	1,227	3,030
<b>Total Council Equity</b>		<u>219,376</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>
Minority Interest		-	-	-	-
<b>TOTAL EQUITY</b>		<u>219,376</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>

## CITY OF MOUNT GAMBIER

### PROFORMA STATEMENT OF CHANGES IN EQUITY for the period ending 31 March 2018

		Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
2018	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		55,873	160,969	-	3,030	219,872
<b>Net Surplus / (Deficit) for Year</b>		<b>(482)</b>				<b>(482)</b>
<b>Other Comprehensive Income</b>						
Transfers between reserves		-			-	-
<b>Balance at end of period</b>		<b>55,391</b>	<b>160,969</b>	<b>-</b>	<b>3,030</b>	<b>219,390</b>
2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		54,680	168,966	-	4,382	228,028
<b>Net Surplus / (Deficit) for Year</b>		<b>5,299</b>				<b>5,299</b>
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment			(13,457)			(13,457)
Other equity adjustments		(5,458)	5,460			2
Transfers between reserves		1,352			(1,352)	-
<b>Balance at end of period</b>		<b>55,873</b>	<b>160,969</b>	<b>-</b>	<b>3,030</b>	<b>219,872</b>

**CITY OF MOUNT GAMBIER**  
**STATEMENT OF CASH FLOWS**  
for the period ending 31 March 2018

	Notes	FY BR3 - 2018 \$'000	FY BR2 - 2018 \$'000	FY BR1 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<u>Receipts</u>						
Rates - general & other		20,563	20,569	20,574	19,481	19,682
Fees & other charges		446	423	423	388	454
User charges		4,040	4,282	4,280	3,637	4,752
Investment receipts		65	48	35	15	33
Grants utilised for operating purposes		3,457	2,010	2,202	3,052	5,222
Reimbursements		135	142	105	155	216
Other revenues		463	463	284	-	4,034
<u>Payments</u>						
Employee costs		(12,041)	(12,007)	(12,219)	(10,298)	(10,692)
Materials, contracts & other expenses		(9,421)	(9,630)	(9,184)	(9,440)	(13,711)
Finance payments		(199)	(325)	(325)	(322)	(201)
<b>Net Cash provided by (or used in) Operating Activities</b>		<u>7,507</u>	<u>5,975</u>	<u>6,175</u>	<u>6,668</u>	<u>9,789</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<u>Receipts</u>						
Amounts specifically for new or upgraded assets		140	295	295	295	2,189
Sale of replaced assets		(243)	103	274	569	407
Sale of surplus assets		-	-	-	-	105
Repayments of loans by community groups		-	-	-	-	40
<u>Payments</u>						
Expenditure on renewal/replacement of assets		(5,414)	(4,247)	(4,296)	(4,273)	(3,253)
Expenditure on new/upgraded assets		(2,610)	(2,707)	(2,336)	(2,610)	(6,322)
<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(8,127)</u>	<u>(6,557)</u>	<u>(6,063)</u>	<u>(6,019)</u>	<u>(6,834)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<u>Payments</u>						
Repayments of borrowings		(218)	(206)	(216)	(425)	(874)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(218)</u>	<u>(206)</u>	<u>(216)</u>	<u>(425)</u>	<u>(874)</u>
<b>Net Increase (Decrease) in cash held</b>		<u>(838)</u>	<u>(788)</u>	<u>(104)</u>	<u>224</u>	<u>2,081</u>
Cash & cash equivalents at beginning of period	10	<u>2,239</u>	<u>3,028</u>	<u>3,028</u>	<u>22</u>	<u>947</u>
<b>Cash &amp; cash equivalents at end of period</b>	10	<u>1,401</u>	<u>2,239</u>	<u>2,923</u>	<u>246</u>	<u>3,028</u>

## CITY OF MOUNT GAMBIER

PROFORMA NOTES  
for the period ending 31 March 2018

### 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.

	FY BR3 - 2018 \$'000	FY BR2 - 2018 \$'000	FY BR1 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
Income	29,168	27,937	27,903	28,078	30,348
less Expenses	<u>28,587</u>	<u>28,926</u>	<u>28,371</u>	<u>27,755</u>	<u>28,498</u>
<b>Operating Surplus / (Deficit)</b>	<b>582</b>	<b>(990)</b>	<b>(468)</b>	<b>323</b>	<b>1,850</b>
<i>less Net Outlays on Existing Assets</i>					
Capital Expenditure on renewal and replacement of Existing Assets	5,414	4,247	4,022	4,273	3,253
Depreciation, Amortisation and Impairment	<b>(6,925)</b>	<b>(6,964)</b>	<b>(6,643)</b>	<b>(6,630)</b>	<b>(7,331)</b>
Proceeds from Sale of Replaced Assets	<u>243</u>	<u>(103)</u>	<u>(274)</u>	<u>(569)</u>	<u>(407)</u>
	<b>(1,268)</b>	<b>(2,820)</b>	<b>(2,895)</b>	<b>(2,926)</b>	<b>(4,485)</b>
<i>less Net Outlays on New and Upgraded Assets</i>					
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	2,610	2,707	2,610	2,610	6,322
Amounts received specifically for New and Upgraded Assets	<b>(140)</b>	<b>(295)</b>	<b>(295)</b>	<b>(295)</b>	<b>(2,189)</b>
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-	-	-	<b>(105)</b>
	<u>2,470</u>	<u>2,412</u>	<u>2,315</u>	<u>2,315</u>	<u>4,028</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(620)</b>	<b>(582)</b>	<b>112</b>	<b>934</b>	<b>2,306</b>

## CITY OF MOUNT GAMBIER

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ending 31 March 2018

#### Note 13 - FINANCIAL INDICATORS

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

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

#### **Operating Surplus Ratio**

	FY BR3 - 2018	FY BR2 - 2018	FY BR1 - 2018	Budget 2018	2017
<u>Operating Surplus</u>	2.0%	(3.5%)	(1.7%)	1.2%	6.1%
Total Operating Revenue					

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

#### **Adjusted Operating Surplus Ratio**

	2.0%	(8.0%)	(5.3%)	1.2%	2.0%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.*

#### **Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	43%	45%	45%	35%	28%
Total Operating Revenue					

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

#### **Asset Sustainability Ratio**

<u>Net Asset Renewals</u>	74%	74%	74%	74%	62%
Infrastructure & Asset Management Plan required expenditure					

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*



**COUNCIL RESOLUTION – 16<sup>TH</sup> JANUARY, 2018**

**13.8 Control Track Implementation Update – Report No. AR17/48838**

- (a) That Audit Committee Report No. AR17/48838 titled '*Control Track Implementation Update*' as presented to the Audit Committee on 15 December 2017 be noted.

Moved: Cr Lynagh

Seconded: Cr Mezinec

Carried



**REPORT TITLE**

**Control Track Implementation Update**

<b>COMMITTEE</b>	Audit Committee
<b>MEETING DATE:</b>	15 December 2017
<b>REPORT NO.</b>	AR17/48838
<b>RM8 REFERENCE</b>	AF17/261
<b>AUTHOR</b>	Kahli Rolton
<b>SUMMARY</b>	To provide an update on the Implementation of Control Track, an automated software product that will assist with the review, assessment and reporting of internal financial controls and risks.
<b>COMMUNITY PLAN REFERENCE</b>	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

**REPORT RECOMMENDATION**

- (a) That Audit Committee Report No. AR17/048838 titled '*Control Track Implementation Update*' as presented to the Audit Committee on 15 December 2017 be noted.



## Background

Section 125 of the Local Government Act 1999 states that Council must ensure appropriate policies, practices and procedures of internal control are implemented.

Council has recently purchased an automated web-based software program, Control Track, which uses self-assessment principles for completing risk and control assessments. Prior to this, all internal financial control assessments were completed by the Management Accountant and held in a manual spreadsheet.

Initial training was held on 9 and 10 November 2017 for senior staff who will be responsible for completing self-assessments or reviews.

## Discussion

To obtain the project outcomes as detailed at Attachment 1 of this report and ensure Council receives value for money, implementation and customisation of the Control Track program is continuing to progress.

The following table provides the proposed activities to ensure successful implementation:

Table 1: Control Track Implementation Time Line

Activity	Person Delivering	Status
Telephone Conference with Control Track	Adrian Hollins – Control Track	Completed 6/11/2017
Onsite training from Control Track	Adrian Hollins – Control Track	Completed 10/11/2017
Prepare matrix of controls assigning assessors and reviewers (mandatory)	Kahli Rolton/Lisa Hinton	Completed 4/12/2017
Assign control guidance to all controls to assist assessors	Kahli Rolton/Lisa Hinton	In progress as at 5/12/2017
Allocate assessment and review dates for Controls	Kahli Rolton/Lisa Hinton	Not Started
Input Council's current Risk Register to Risk Manager	Michael McCarthy	Not Started
Project group meeting with key stakeholders to review proposed set up, establish a framework, training and communication roll out.	Kahli Rolton/ Jeroen Zwijnenburg/ Michael McCarthy	Not Started To be held 9/1/2018
Input details to Control Track program per matrix, dates, guidance etc. prepared above	Kahli Rolton/Lisa Hinton	Not Started
Training for relevant staff members	Kahli Rolton	Not Started
Report to Audit Committee following completion of initial assessments	Kahli Rolton	Not Started
Post Implementation Review	Kahli Rolton	Not Started
Continuous Improvement and Monitoring	Kahli Rolton	Ongoing



## Conclusion

The customisation and implementation of Control Track is progressing to schedule and further updates will be provided to the Audit Committee following the key stakeholders meeting to be held in January 2018.

## Attachments

[Attachment 1 \(AR17/43762\): PPS - 2017-017 Project Plan Summary - Control Track](#)



**Kahli ROLTON**  
MANAGEMENT ACCOUNTANT



**Pamela LEE**  
GENERAL MANAGER COUNCIL BUSINESS SERVICES

4 December 2017  
KR



**CONTROL TRACK - SUMMARY OF ASSESSMENTS & PROGRESSION TOWARDS COMPLETION 2017/2018**

<b>State</b> <small>(copy from Control Track Export)</small>	<b>Assessment Name</b> <small>(copy from Control Track Export)</small>	<b>No of Controls in Assessment</b> <small>(manual entry)</small>	<b>No of Improvements</b> <small>(manual entry)</small>	<b>Overall Report filed AF18/155</b> <small>(manual entry)</small>
Completed	Strategic Financial Planning - Statutory Reporting (Mandatory)	9	1	AR18/18151
Completed	Strategic Financial Planning - Management Reporting (Mandatory)	7	2	AR18/18150
Completed	Strategic Financial Planning - General Ledger (Mandatory)	10	3	AR18/18149
Completed	Strategic Financial Planning - Budgets (Mandatory)	9	3	AR18/18148
Completed	Revenue - User Pay Income/Fee For Service (Mandatory)	6	2	AR18/18147
In Progress	Revenue - Receipting (Mandatory)	7		
Completed	Revenue - Rates/Rate Rebates (Mandatory)	10	1	AR18/17980
Completed	Revenue - Other Revenue (Mandatory)	1	0	AR18/18145
Completed	Revenue - Investment/Interest Income (Mandatory)	3	0	AR18/18144
Completed	Revenue - Grants (Mandatory)	5	2	AR18/17982
Completed	Liabilities - Taxation (Mandatory)	3	0	AR18/18142
Completed	Liabilities - Employee Provisions (Mandatory)	3	2	AR18/18141
In Progress	Liabilities - Borrowings (Mandatory)	7		
Completed	Liabilities - Accrued Expenses (Mandatory)	1	1	AR18/18140
In Progress	Liabilities - Accounts Payable (Mandatory)	11		
Completed	Financial Governance - Governance (Mandatory)	4	2	AR18/17979
Completed	External Services - Contracting (Mandatory)	6	4	AR18/17976
Completed	Expenses - Purchasing and Procurement (Mandatory)	6	2	AR18/17975
In Progress	Expenses - Payroll (Mandatory)	19		
Completed	Expenses - Other Expenses (Mandatory)	1	0	AR18/18139
Completed	Expenses - Employee Reimbursements (Mandatory)	3	2	AR18/17973
In Progress	Expenses - Elected Members Expenses (Mandatory)	8		
In Progress	Expenses - Credit Cards (Mandatory)	7		
Completed	Assets - Project Costing (Mandatory)	2	2	AR18/17971
Completed	Assets - Prepayments (Mandatory)	1	0	AR18/17970
Completed	Assets - Loans/Grants to Clubs/Community Groups (Mandatory)	7	1	AR18/18138
Completed	Assets - Investments (Mandatory)	11	1	AR18/17961
Completed	Assets - Inventory (Mandatory)	5	3	AR18/17965
Completed	Assets - Fixed Assets (Mandatory)	14	7	AR18/17967
In Progress	Assets - Debtors (Mandatory)	13		
In Progress	Assets - Cash Floats and Petty Cash (Mandatory)	15		
Completed	Assets - Banking (Mandatory)	5	2	AR18/17983
Completed	Receipting - Debtors	1	1	AR18/18143
<b>Total Count</b>	<b>33</b>	<b>220</b>	<b>44</b>	
<b>Total Completed (count)</b>	<b>25</b>			

## CONTROL TRACK - IMPROVEMENTS - MASTER LISING - 2017/2018

Treatment ID	Description	Control Treatment Description	Status	Priority	Start Date	Due Date	Completion Date	Control Improvement Owner
ASS-INY-0001								
TR-14	Access to inventory is restricted to authorised personnel, where appropriate.	Main Corner Stock Control	Accepted	Low	30/04/2018	15/06/2018		Janine Amoroso
ASS-INY-0008								
TR-43	There is a process in place to ensure all inventory adjustments and stock transfers are valid and accurate	Within fuel there are discrepancies that require further investigation and/or changes in process to capture the variance as when this occurs and followed up by the area of responsibility as soon as this has been identified. Finding is that over the last many month the variances have been reduced and matters are improving. Further confirmation is suggested. Overall financially, an immaterial impact, therefore still assessed as Partially Effective.	Accepted	Low	01/08/2018	30/09/2018		Janine Amoroso
ASS-INY-0010								
TR-8	Usability of inventory and level of inventory is assessed at least annually.	Implementation of Inventory Control for significant items at Depot Stores	Accepted	Low	13/06/2018	13/09/2018		Kahli Rolton
ASS-INS-0012								
TR-44	There is a process in place to monitor cash and anticipated future cash flows. Surplus funds invested in accordance with Council policy.	The Cash Flow monitoring process is currently primarily based on Week-by-week assessment. The EoM spreadsheet has a first attempt at building a longer term CF Forecast. This will need to be further expanded.	Accepted	Low	01/07/2018	30/09/2018		Jeroen Zwijnenburg
ASS-FIX-0005								
TR-17	Asset register calculations are reviewed for accuracy.	Asset Register Calculations - set up a procedure to ensure a spot check is completed at least every 1/2 year for a selection of asset transactions. ensure working papers filed in content manager.	Accepted	Low	01/07/2018	01/12/2018		Wendy McLean
ASS-FIX-0008								
TR-18	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Fixed Assets - automated procedure to reconcile capital expenditure and identify which assets are ready for capitalization. Also need to limit who can set up workorders and attach CVR's to those workorders, which will stop a lot of double up work at the outset	Accepted	Low	11/05/2018	30/06/2018		Kahli Rolton
ASS-FIX-0009								
TR-26	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Access restrictions required to CVR Master File. Please restrict to personnel listed in the reviewer's reasoning.	Accepted	Low	15/05/2018	22/05/2018		Joanne Fowler
ASS-FIX-0012								
TR-19	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	General Manager sign off required for all Assets sold, deleted, removed from Asset Registers for current year.	Accepted	Low	16/05/2018	31/05/2018		Kahli Rolton
ASS-FIX-0014								
TR-20	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Prepare a process and incorporate to Council's IFCs to ensure verification of fixed assets to Councils FAR.	Accepted	Low	20/07/2018	10/08/2018		Wendy McLean

ASS-FIX-0015								
TR-28	Where appropriate, fixed assets are insured.	Incorporate insurance details in Council's asset register.	Accepted	Low	31/05/2018	30/06/2018		Kahli Rolton
ASS-FIX-0016								
TR-29	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	As per Assessor's comments. Detailed Key Register.	Accepted	Low	01/09/2018	31/12/2018		Wendy McLean
ASS-BAN-0001								
TR-9	Access to EFT Banking system is restricted to appropriately designated personnel.	EFT Banking Access	Accepted	Low	01/06/2018	30/06/2018		Jeroen Zwijnenburg
ASS-BAN-0002								
TR-13	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Incorporation of all outstanding receipts into bank reconciliation process so that bank transaction reconciliation aligns with the bank balance as per the date of reconciliation.	Accepted	Low	02/04/2018	30/06/2018		Janine Amoroso
ASS-PRO-0001								
TR-39	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.	More detailed minutes of City Infrastructure meetings with respect to questions/discussions regarding project overspends need to be kept	Accepted	Low	01/06/2018	31/08/2018		Nick Serle
ASS-PRO-0003								
TR-40	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Investigate authority controls to ensure suitable approval of scope/budget changes	Accepted	Low	01/08/2018	31/12/2018		Nick Serle
EXP-PUR-0001								
TR-15	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Removal of unnecessary staff from Supplier maintenance	Accepted	Low	17/04/2018	15/06/2018		Janine Amoroso
EXP-PUR-0005								
TR-21	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Locking Down of suppliers to ensure staff can only raise purchase orders with prequalified, preferred, contracted and quoted suppliers.	Accepted	Low	11/06/2018	30/09/2018		Kahli Rolton
EXT-CON-0002								
TR-24	Tender Documents are kept securely.	Investigate secure options both short term and longer term for tender submissions via the tenders@mountgambier.sa.gov.au email address.	Accepted	Low	12/07/2018	18/10/2018		Lisa Hinton
EXT-CON-0005								
TR-22	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Contractor Module - set up, implement, train staff & ensure procedure in place so that the program evolves and is dynamic with time.	Accepted	Low	02/07/2018	31/10/2018		Lisa Hinton
EXT-CON-0006								

TR-23	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Investigate Audit Trail for changes made to purchasing parameters (ie Financial limits) and implement procedure for quarterly reviews of any changes made (similar to payroll master file changes and the checking that occurs with those).	Accepted	Low	18/09/2018	31/12/2018	Janine Amoroso
TR-32	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Grant register required. Life cycle costs associated with grants / grant funded projects to be understood and taken into account in the LTFP and ABP&B.	Accepted	Low	02/07/2018	28/06/2019	Kahli Rolton
REV-GRA-0005							
TR-33	There is a process in place to ensure that grant funding received is reconciled to the budget and the funding agreement. There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	As part of the QBR include GM sign off confirming that all grant funding within their portfolio is being account for and expended in accordance with the grant funding T&Cs and the Grant Register is up to date.	Accepted	Low	02/07/2018	28/06/2019	Kahli Rolton
TR-31	Conflict of Interest.	Improvement includes annual / regular refresher training and an organizational wide people and culture framework and strategy.	Accepted	Low	02/07/2018	28/06/2019	Barbara Cernovskis
FIG-GOV-0004							
TR-42	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Continuous Training for all staff on Council's Policies and procedures at regular intervals (ie every 2 years). Ensure that when any alterations are made to policies and procedures, staff are kept up to date and knowledgeable.	Accepted	Low	01/07/2018	30/09/2018	Pamela Lee
TR-47	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Access to masterfile to be updated per assessors comments	Accepted	Low	08/05/2018	08/06/2018	Joanne Fowler
EXP-EMR-0002							
TR-45	Employee reimbursements are checked against the supporting documentation and compliance with relevant policies and procedures.	Employee Reimbursements - hold training with accounts payable staff to increase knowledge in this area and ensure IFC are upheld. Communicate to all staff via intranet "Did you know"	Accepted	Low	11/05/2018	18/05/2018	Janine Amoroso
EXP-EMR-0003							
TR-46	There is a process in place to ensure all employee reimbursements are valid with supporting documentation and approved by appropriate staff.	Employee Reimbursements - amend IFC procedure manual to incorporate controls for CEO reimbursements and authorization.	Accepted	Low	15/05/2018	09/06/2018	Kahli Rolton
STR-STA-0002							
TR-37	Council has a process in place to ensure statutory reporting deadlines are met.	Improvements in integration, alignment and forward planning of statutory reporting has been discussed and staff concerned are aware of the need for improvements.	Accepted	Low	02/07/2018	28/06/2019	Jeroen Zwijnenburg
STR-MAN-0001							
TR-36	Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	Review / establish a procedures register similar to the Policy Register for council's procedures. Ensure the register is available on Council's Intranet.	Accepted	Low	03/09/2018	29/03/2019	Michael McCarthy
STR-MAN-0006							




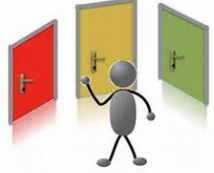



TR-49	There are automated exception reports that identify variances to budget based on a predetermined threshold to be investigated.	1) Authority Hierarchy 2) GL Code review 3) alignment of BR, Budget and EoM reporting templates 4) creation of Monthly MET report	Accepted	Low	27/08/2018	01/04/2019	Jeroen Zwijnenburg
STR-GEN-0001							
TR-25	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	General Ledger Maintenance Access - please remove all staff not listed as authorized to have access in the IFCs. Please refer to Assessor's comments for further detail.	Accepted	Low	09/05/2018	15/05/2018	Joanne Fowler
STR-GEN-0004							
TR-50	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Further review of this tool and identification where this could be used.	Accepted	Low	01/08/2018	31/08/2018	Kahli Rolton
STR-GEN-0010							
TR-41	Journal entry access is restricted to appropriately authorised personnel.	Improvements required around access to Journal entries and independent sign off of journals for segregation of duties and to ensure accuracy of the general ledger.	Accepted	Low	01/06/2018	31/08/2018	Jeroen Zwijnenburg
STR-BUD-0001							
TR-51	Access to edit Budget information and master file is restricted/limited to appropriately authorised personnel.	Remove access from those who should not have access	Accepted	Low	01/07/2018	31/07/2018	Joanne Fowler
STR-BUD-0003							
TR-34	Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management.	Build on the existing strategic management planning framework to include a comprehensive budgeting component to the framework. The Integrated Planning and Budgeting Framework 1 page diagram is a first step.	Accepted	Low	03/09/2018	01/05/2019	Kahli Rolton
STR-BUD-0004							
TR-35	Process to establish the annual budget and ensure it is aligned with the Annual Business Plan and Strategic Management Plans, including Long Term Financial Plan and Asset Management Plans.	Improvements identified in the area of more comprehensive documentation, training and business partnering with budget holders and MET; and rigorous alignment of strategic management plans, Community Plan and ABP&B and BUPs; and improved IAMPs particularly for asset class that are not currently documented.	Accepted	Low	01/08/2018	01/07/2019	Pamela Lee
REV-USE-0003							
TR-56	Regular reviews are conducted to ensure formal lease agreements and other Council facilities contracts are being met and payments are made on time.	prepare a full property schedule and ensure that all items including lease payments, utilities, incidentals etc are listed so that finance are fully aware of what is required to be oncharged per the agreements. Another column should be for finance to complete the date and what they billed to the leasee/licensee. Further to this, look into the contractor module to determine if this module could be used to help track and link transactions to the finance module.	Accepted	Low	04/01/2019	04/04/2019	Michael McCarthy
REV-USE-0004							
TR-52	There is a process in place to ensure that amounts charged are in accordance with the Council's Fees and Charges register.	Review the implementation of fees and charges within Council's Authority System & Customer Service SOPs	Accepted	Low	01/06/2018	31/07/2018	Leanne Little
REV-RAT-0001							



	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Access to masterfile to be updated per assessors comments	Accepted	Low	08/05/2018	08/06/2018	Joanne Fowler
LIA-EMP-0002							
	There is a process in place to ensure the accuracy and completeness of inputs into the calculation of the employee provisions.	Confirm the assumptions that are now applied to the provisions (May / June 2018)	Accepted	Low	08/05/2018	15/06/2018	Jeroen Zwijnenburg
LIA-EMP-0004							
	Where appropriate, employee provisions are calculated by an automated process and the integrity of the calculations are verified for accuracy to ensure consistency with statutory reporting requirements.	Monthly journal for AL and LSL provision that properly reflect the changes to this provision on a monthly / fortnightly basis.	Accepted	Low	09/05/2018	22/06/2018	Jeroen Zwijnenburg
LIA-EXP-0001							
	Accrued expenses reconciliations are completed in accordance with a schedule of review and/or procedure.	EoY process to ensure we capture all accruals necessary. Process can then be pursued into FY2019 for quarterly / monthly EoM close process.	Accepted	Low	01/05/2018	30/06/2018	Racheal Tilley
ASS-LOA-0005							
	Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and Conflicts of Interest.	Implement an objective independent criteria and ensure all conflicts of interest are documented.	Accepted	Low	01/07/2018	30/06/2019	Barbara Cernovskis
REV-REC-0004							
	Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Debtor receipting review. Options are as Assessor has suggested. Other options to consider is having Customer Service receipt payments into the system or having invoices raised by relevant offsite locations and therefore allowing a Finance Officer to receipt payment for those specific locations.	Accepted	Low	01/05/2018	31/05/2018	Janine Amoroso



**PROCESS IMPROVEMENT PLAN**

<p><b><u>START WITH A PROFILE OF THE PROCESS AND/OR SERVICE</u></b></p> <p>Name of process / service: <a href="#">Click here to enter text.</a>          Owner: <a href="#">Click here to enter text.</a>          Date of SWOT: <a href="#">Click here to enter text.</a>          Date this review commenced: <a href="#">Click here to enter a date.</a>          Date this review completed: <a href="#">Click here to enter a date.</a>          Date improvements implemented: <a href="#">Click here to enter a date.</a>          Comments/ feedback on the review: <a href="#">Click here to enter text.</a></p>	<p><b>1. <u>MEASURE CURRENT PROCESS OR SERVICE</u></b></p> <p>a. Define the Process/Service include a Flow chart and SWOT  <a href="#">Click here to enter text.</a></p> <p>b. Determine Process/Service Requirements: Identify stakeholder requirements and agree indicators.  <a href="#">Click here to enter text.</a></p> <p>c. Measure Current Process: Graph recent results of measurement; establish gap between current and desired performance.  <a href="#">Click here to enter text.</a></p>	<p><b>2. <u>ANALYSE</u></b></p> <p>a. Reason for Improvement: Demonstrate gap between current and desired performance with data.  <a href="#">Click here to enter text.</a></p> <p>b. Current Situation: Identify gap(s) into critical components, focus on top priorities first.  <a href="#">Click here to enter text.</a></p> <p>c. Analysis: Analyse problem for root causes, select those with probable greatest impact.  <a href="#">Click here to enter text.</a></p> 
<p><b>7. <u>MONITOR AND CONTROL</u></b></p> <p>Select measurements required for ongoing control and continue to measure process / service outcomes for conformance to implemented improvements.</p>  <p><a href="#">Click here to enter text.</a></p>	<p><b><u>PICTURE OF TEAM</u></b></p> 	<p><b>3. <u>OPTIONS</u></b></p> <p>a. Identify options for addressing gaps in performance.  <a href="#">Click here to enter text.</a></p> <p>b. Develop best 1 – 2 options or counter measures that are cost beneficial and improve the process/service.  <a href="#">Click here to enter text.</a></p> 
<p><b>6. <u>STANDARDISE</u></b></p> <p>Develop or modify the process and/or procedures to reflect the new process / service, update the flowchart(s) and SWOT.</p>  <p><a href="#">Click here to enter text.</a></p>	<p><b>5. <u>IMPLEMENT</u></b></p> <p><b>Implement and track changes and measures to ensure</b></p> <p><a href="#">Click here to enter text.</a></p> 	<p><b>4. <u>SOLUTION</u></b></p> <p>Identify best solution and confirm why.</p> <p><a href="#">Click here to enter text.</a></p> 





Our reference: 8435728

Purchaser Order No. 22771

**11 May 2018**

Kahli Rolton  
Management Accountant  
City of Mount Gambier  
PO Box 56  
Mount Gambier SA 5290

Email: krolton@mountgambier.sa.gov.au

Dear Kahli,

**Re: Amended Report**

**Desktop Update of Valuations for Insurance Purposes of Structures and Buildings for the City of Mount Gambier  
Assets as at 30 June 2018**

### **Instructions**

We refer to your emailed instructions dated 29 November 2017 instructing Opteon to provide consultancy valuation advice, regarding valuations for insurance purposes for buildings and structure components of property assets of the City of Mount Gambier (CMG), located throughout the City of Mount Gambier local government area, on a desktop basis.

We confirm this consultancy advice has been provided on a desktop basis only, with none of the CMG assets physically inspected as part of this consultancy. The client acknowledges our last inspections of the CMG property assets occurred in May 2016.

**Amendments were required to include additional assets and delete an asset from our report of 19 April 2018.**

### **Valuation Assumptions**

- The instructions and subsequent information supplied contain a full disclosure of all information that is relevant.
- New construction, refurbishments and additions are included assuming completion by 30 June 2018.

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- We have relied upon the data provided by CMG in relation to new assets constructed, additions to existing assets and demolitions.

### **Information provided by the City of Mount Gambier**

- New building and structure details completed or under construction since 1 July 2016 including actual costs and plans.
- Additions and refurbishment capital expenditure to existing assets since 1 July 2016.
- Demolitions of buildings and structures since 1 July 2016.

### **Construction Cost Movement**

#### **Adelaide Construction Overview for 2017 and 2018**

Slow population growth and debt finance will impact on the overall construction sector. Residential medium rise projects and aged care facilities continue to grow while high rise projects in the Adelaide CBD have peaked. Improved commodity prices are reviving work in the resource and mining sectors and increasing government infrastructure projects have improved the civil engineering construction sector.

We have considered construction cost movements for the calculation of replacement cost for the 24 month period to 30 June 2018 in Mount Gambier. Building price indices lag about 3 to 4 months behind the current date, as data is required to be collected and analysed. Thus the most current data for building price indices are as at 31 December 2017.

We have thus used a combination of actual figures and forecast figures for the two year period from 1 July 2016 to 30 June 2018. We have considered reputable sources including; Rawlinsons Building Price Index and the Australian Institute of Quantity Surveyors Building Cost Index. We have adopted an increase of 5.5% for the replacement costs applied in our valuations of 1 July 2016.

### **Reinstatement Cost for Insurance Purposes Definition**

Our insurance values have been assessed in accordance with the Australian and New Zealand Valuation Technical Information Paper Valuations for Insurance Purposes. Reinstatement Cost is typically defined as follows:

*‘Where property is lost or destroyed, in the case of a building, the building thereof, or in the case of property other than a building, the replacement thereof by similar property in either case in a condition equal to, but not better than or more extensive than its condition when new. Where property is damaged: the repair of the damaged and restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than its condition when new.’*

### **Insurance Values**

Our estimates of insurance values include allowances for demolition and removal of debris, professional fees, escalation costs prior to/during construction and during the insured period.

Exclusions from the insurance values assessments include;

- Goods and Services Tax.

- Computer or electrical equipment, furniture, and personal items.
- A rental component for alternative accommodation or loss of rental income.
- Increased costs as a consequence of widespread catastrophic events.
- Costs of removal of asbestos materials.

The insurance value movement % includes the replacement cost indexation plus the impact of new buildings and structures, capital additions to existing assets as well as demolitions over the 24 month period from 1 July 2016 to 30 June 2018.

The total insurance values exclusive of GST for insurance purposes for each component are summarised as follow:

Date of Valuation	Total Insurance Values Buildings	Total Insurance Values Structures	Total Insurance Values
1 July 2016	\$107,183,800	\$33,281,202	\$140,465,002
<b>30 June 2018</b>	<b>\$112,153,144</b>	<b>\$35,518,454</b>	<b>\$147,671,598</b>
% Movement In Values	4.64%	6.72%	5.13%


Please refer to our excel spreadsheet (file name; **Opteon SA CMG Insurance 30 June 2018**) for itemised details for each asset.

We confirm the valuer does not have a pecuniary interest that would conflict with the proper valuation of the subject property asset components.

Yours sincerely,



**Richard Wood** AAPI CPV  
Senior Commercial Valuer  
API No: 64211  
**Author Valuer**



**Daniel Sander** AAPI CPV  
Associate Director- Specialised & Advisory  
API No: 64256  
**Counter Signatory**

### **Assumptions, Conditions and Limitations**

#### **Area Disclaimer**

*In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.*

<p><b>Counter Signatory</b></p>	<p><i>The counter signatory has reviewed the valuation report and working papers in the capacity of Supervising Member and is satisfied that there is a reasonable basis for the valuation opinion. The counter signatory confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd. The counter signatory did not inspect the subject property and may not have inspected comparable evidence. The opinion of value has been arrived at by the Valuer who undertook the inspection and prepared the valuation calculations.</i></p>
<p><b>Asbestos Disclaimer</b></p>	<p><i>We are not experts in the identification of Asbestos and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no: asbestos material present; health risk from asbestos within the property; or there is any material expense relating to the repair, management or replacement of asbestos materials in the foreseeable future. Should an expert's report establish that there is an asbestos related health risk or a requirement to undertake asbestos remediation works then we reserve the right to review this valuation.</i></p>
<p><b>Building Services Disclaimer</b></p>	<p><i>No documentation or certification has been sighted to verify the condition of building services, and we have assumed that all building services are: adequate in specification; in good operational condition; and satisfactorily maintained.</i></p>
<p><b>Encroachments</b></p>	<p><i>The valuation is made on the basis that there are no encroachments (unless otherwise noted) by or upon the property and this should be confirmed by a current survey report and/or advice from a land surveyor. If any encroachments are noted by the survey report the valuer should be consulted to assess any effect on the value stated in this report.</i></p>
<p><b>Environmental Disclaimer</b></p>	<p><i>This report is not an environmental audit and no advice is given in any way relating to environmental or pollution matters. Any comments given as to environmental or pollution factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination or environmental issues affecting the property not made known to the valuer. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.</i></p>
<p><b>Full Disclosure Disclaimer</b></p>	<p><i>Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith, is not in any way misleading or deceptive, contains a full disclosure of all information that is relevant, there are no undisclosed agreements in place that affect the property and the sale price includes GST. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.</i></p>
<p><b>Future Value</b></p>	<p><i>Any comments are made in relation to future values are based on general knowledge and information currently available. These comments should not be construed as a prediction of future value levels or a warranty of future performance as the property market is susceptible to potential rapid and unexpected change caused by multiple factors. Ultimately current expectations as to trends in property values may not prove to be accurate.</i></p> <p><i>Due to possible changes in the property market, economic conditions, occupancy status and property specific factors, we recommend the value of the property be reassessed at regular intervals</i></p>

<b>Geotechnical</b>	<p><i>We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.</i></p>
<b>Heritage Disclaimer</b>	<p><i>Our valuation has been assessed having regard to the nature of any buildings on the property and any known heritage listings. However we have not obtained formal confirmation of heritage listings beyond what is available in the public domain and identified in this report. Our valuation assumes, unless otherwise specified, that any heritage issues (including Aboriginal) do not impact on the continued and/or highest and best use of the property. If there is doubt in relation to such issues we recommend written application be made to the relevant authorities.</i></p>
<b>Inconsistencies in Assumptions</b>	<p><i>If there is found to be any variance, inconsistency or contradiction in any of the assumptions within this report then this may have an impact on the market value of the property and we recommend this valuation be referred back to the Valuer for comment.</i></p>
<b>Insurance Value</b>	<p><i>The insurance reinstatement value excludes GST; all personal items and contents; loss of rental income or profits; any allowance for loss in land value as a consequence of the existing improvements not being permitted to be rebuilt due to changes in planning controls, development standards or the extinguishment of existing use rights; any increase in proportionate costs as a consequence of a partial loss; costs for removal of asbestos; and increased costs as a consequence of widespread catastrophic events. Some or all of the itemised cost factors could be automatically excluded in the insurance policy; therefore it is important to establish the extent of such inclusions with the insurer. We recommend you investigate the terms and conditions of your insurance policy to determine the extent of inclusions and exclusions or discuss the issue with your insurance broker or insurer. This Insurance Value should only be regarded as an estimate and should a more accurate assessment be required we recommend a quantity surveyor be engaged.</i></p>
<b>Market Change</b>	<p><i>This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or factors that the Valuer could not have reasonably become aware as at the date of the Report). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.</i></p>
<b>Market Evidence Information Availability</b>	<p><i>In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market evidence information and any other information provided to be accurate, not all details can and have been formally verified. Due to privacy laws, confidentiality agreements and other circumstances beyond our control, the valuer may not have had access to:</i></p> <ul style="list-style-type: none"><li>• <i>Personal details of parties involved in transactions (including the relationship of the parties);</i></li><li>• <i>Information on recent transactions that are yet to become public knowledge; and</i></li><li>• <i>Copies of leases or contracts to confirm rents or prices and to ascertain whether or not rents or prices are inclusive or exclusive of GST.</i></li></ul>

<p><b>Native Title Assumption</b></p>	<p><i>We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.</i></p>
<p><b>Owner Occupied Property</b></p>	<p><i>Owner-occupied properties valued for lending purposes will normally be valued on the assumption that the property is transferred unencumbered by the owner's occupancy, i.e., that the buyer is entitled to full legal control and possession. Our valuation is prepared on the basis of vacant possession and in the event the property is unable to be transferred unencumbered we reserve the right to review our valuation.</i></p>
<p><b>Planning Disclaimer</b></p>	<p><i>Town planning and zoning information was informally obtained from the relevant local and State Government authorities and is assumed to be correct. Should the addressee require formal confirmation of planning issues then we recommend formal application be made to the relevant authorities to confirm planning details.</i></p>
<p><b>Publication of Report</b></p>	<p><i>The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.</i></p>
<p><b>Site Survey Disclaimer</b></p>	<p><i>This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to the site area, dimensions or possible encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary. In the event there are any fundamental inconsistencies between any site survey undertaken and site detail adopted in this valuation, the survey should be referred to the valuer for comment on any valuation implications (including amendment of our valuation if considered necessary).</i></p>
<p><b>Structural Disclaimer</b></p>	<p><i>This report is not a structural survey and no advice is given in any way relating to structural matters. Any opinion given as to the condition of the improvements on the property is not given in the capacity as an expert. A structural report on the building and/or its plant and equipment has not been sighted, and nor have we inspected unexposed or inaccessible portions of the premises. Therefore we cannot comment on the structural integrity, any defects, rot or pest infestation (or damage from pest infestation) of the improvements, any use of asbestos or other materials now considered hazardous or areas of non-compliance with the Building Code of Australia, other than matters which are obvious and which are noted within this report. This valuation assumes the building is structurally sound; that building services are adequate and appropriately maintained; the building complies with applicable Council, building, health, safety and fire regulations, laws, bylaws, rules, licences, permits and directives; and is free of asbestos or other defects, unless specified otherwise. Should an expert's report establish that there is any damage of the varieties noted above then we reserve the right to review this valuation.</i></p>
<p><b>Third Party Disclaimer</b></p>	<p><i>This report has been prepared for the private and confidential use of our client, City of Mount Gambier for the specified purpose. It should not be reproduced in whole or part without the express written authority of Opteon (South Australia) Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.</i></p>



**Title and Unregistered  
Instruments**

*For the purpose of this report we have assumed that the title information provided to us is correct. Our Valuation has been assessed assuming the property is only affected by encumbrances noted on Title with the exception of registered instruments (eg. mortgages or caveats) that are normally and expected to be discharged prior to transfer of the property. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted on the title, they may affect the assessment of value. If there are errors or omissions found to exist on the title documents we should be notified and we reserve the right to review our valuation.*

**Appendices**

1. Instructions

# Galpins

Accountants, Auditors & Business Consultants

## Financial Controls Review

### City of Mount Gambier

#### Interim Management Letter



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# Table of Contents

- 1. EXECUTIVE SUMMARY ..... 3
- 1.1 Background .....3
- 1.2 Objectives and scope .....3
- 1.3 Category of findings.....5
- 1.4 Overall review of the council’s internal controls ..... 6
- 1.5. Summary of findings ..... 7
- 2. DETAILED AUDIT FINDINGS ..... 8
- 2.1 Purchasing and Procurement..... 8
- 2.1.1 Execution of contracts ..... 8
- 2.2 General Ledger ..... 9
- 2.2.1 Approval of manual journal entries ..... 9
- 2.2.2 General ledger reconciliations ..... 10
- 2.3 Credit Cards..... 11
- 2.3.1 Approval for issuing of credit cards and card limits..... 11
- 2.3.2 Review and approval of credit card transactions ..... 12
- 2.3.3 Approval for issuing of credit cards and limits..... 12
- 2.3.4 Review of credit card limits and usage ..... 13
- APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS ..... 14

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## 1. EXECUTIVE SUMMARY

### 1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

Amendments to s129 of the Local Government Act 1999 require auditors to provide an opinion regarding internal controls of councils. This applies to prescribed (metropolitan) councils from 2013-14 onwards, and to non-prescribed (regional) councils from 2015-16 onwards. This opinion focuses on councils' obligations under s125 of the Local Government Act 1999:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

### 1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

**Risk review** – A review of Council's inherent risk assessment for internal financial controls.

**Financial statement review** – A high level financial statement review performed to identify key accounts and transaction streams.

**Internal / external audit results review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Purchasing and Procurement/Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Credit Cards
- Payroll
- Rates / Rates Rebates
- Banking
- Debtors
- Receipting

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

### 1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2017/18 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
<b>Potential Material Weaknesses</b>	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Better Practice Weaknesses</b>	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.

## 1.4 Overall review of the council's internal controls

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we noted that most of the key internal controls reviewed were in place and were operating effectively (65 out of 71 core controls reviewed). The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

Whilst the total number of effective controls remains consistent with the prior year, there has been a good level of progress made towards addressing the identified control gaps since the prior period. Details of this progress can be found within the detailed findings in section 2 of this report.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2018 Findings			
		2018	2017	H	M	L	BP
Purchasing & Procurement/Contracting	7	7	7	-	-	-	1
Fixed Assets	7	7	10	-	-	-	-
General Ledger	9	7	6	-	1	1	-
Accounts Payable	11	11	11	-	-	-	-
Credit Cards	5	1	n/a	-	2	2	-
Payroll	15	15	9	-	-	-	-
Rates / Rates Rebates	8	8	9	-	-	-	-
Banking	6	6	5	-	-	-	-
Receipting	3	3	4	-	-	-	-
<b>Total</b>	<b>71</b>	<b>65</b>	<b>61</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>1</b>

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of any other moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

We noted that Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. Some of the findings provided in this report had already been identified by Council during its own self-assessment.

## 1.5. Summary of findings

Business Cycle	Findings	Risk
<b>Purchase, Procurement and Contracting</b>	2.1.1 We noted that as part of the contracting procedures, there was no execution dates on contracts.	BP
<b>Fixed Assets</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
<b>General Ledger</b>	2.2.1 Manual journal entries are not always independently approved.	L
	2.2.2 General ledger reconciliations are not being performed on a regular basis.	M
<b>Credit Cards</b>	2.3.1 No evidence of CEO approval of cards or limits on file.	L
	2.3.2 Card statements were not always approved by both cardholder and authorised approver.	M
	2.3.3 Not all card transactions had appropriate supporting documentation, such as a valid tax invoice.	M
	2.3.4 No evidence of review of credit card limits and usage for operational efficiency.	L
<b>Accounts Payable</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
<b>Payroll</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
<b>Rates</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
<b>Banking</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
<b>Receipting</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A



## 2. DETAILED AUDIT FINDINGS

### 2.1 Purchasing and Procurement

2.1.1 Execution of contracts		Better Practice
<b>Control</b>	Council maintains a current contract register.	
<b>Risk</b>	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process / Council does not obtain value for money in relation to its contracting.	

Finding	Recommendations	Management Response
<p>We noted that as part of the contracting procedures, there was no execution dates on contracts.</p> <p>Execution dates enable greater transparency in determining that Delegations of Authority for signing contracts on behalf of Council are being followed, and that contracts have been executed prior to works being undertaken / services being provided.</p>	An execution date is included in all contracts.	<p>Agreed.</p> <p>All procurement and contract templates have been updated to ensure a date field is positioned where the authoriser signature is located to ensure further transparency around delegations of authority at the time of signing.</p>

## 2.2 General Ledger

### 2.2.1 Approval of manual journal entries

Moderate

**Control** Manual journal entries recorded in the register are authorised by the officer preparing the journal and an independent reviewer.

**Risk** General Ledger does not contain accurate financial information.

Finding	Recommendations	Management Response
Manual journal entries are not being reviewed by an independent person.	Manual journal entries are signed by an independent reviewer, for example the Manager Finance and Customer Service.	<p>Agreed.</p> <p>Any journals from October 2017 till April 2018 have since been initialled for review by the Manager Finance and Customer Service (8 May). Going forward, the Manager Finance and Customer Services will review, initial and date journals created by the Team Leader Finance or Management Accountant, while the Team Leader Finance will review, initial and date journals created by the Manager Finance and Customer Service, as part of the EoM process. Where possible every journal will have an explanation provided for the reason of the journal.</p> <p>Also, Finance has been able to generate an Authority report that assists in identifying any missing Journals, improving this control process, which provide additional assistance to review impact of the journals posted within a period.</p>

**2.2.2 General ledger reconciliations****Moderate**

<b>Control</b>	General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed.
<b>Risk</b>	General Ledger does not contain accurate financial information.

<b>Finding</b>	<b>Recommendations</b>	<b>Management Response</b>
<p>General ledger reconciliations have not consistently been performed on a regular basis in accordance with the requirements of Council's Internal Financial Controls Procedure Manual.</p> <p>At the time of audit, reconciliations were in the process of being completed with reconciliations of 117 out of 165 GL accounts being up to date. It is important to note that high risk balances, such as cash, infrastructure, rates and payroll clearing have been reconciled.</p>	<p>All General Ledger accounts are reviewed on a regular basis; at least every three months as per Council's Internal Financial Controls Procedure Manual.</p>	<p>Agreed.</p> <p>Background: Upon the Manager Finance and Customer Service start at the Council in October 2017 the priority was initially to establish a hierarchical roll up of the general ledger to the financial statements and only subsequently to then implement full general ledger reconciliation process. Where per June 2017 about 26 GL accounts were explicitly supported as part of the reconciliation process, per February 2018 117 have been fully reconciled. Combined with December 2017 reconciliations about 140 accounts have been reconciled with supporting documentation in a more streamlined process.</p> <p>From here on the full reconciliation of all accounts on a quarterly basis becomes a realistic achievement as part of the internal control processes of Council.</p>

## 2.3 Credit Cards

### 2.3.1 Approval for issuing of credit cards and card limits

Low

<b>Control</b>	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.
<b>Risk</b>	Credit cards are issued to unauthorised employees and/or credit card limits are set at inappropriate levels.

Finding	Recommendations	Management Response
We noted there was no evidence of CEO approval of cards or card limits retained on file.	All cards issued have the appropriate approvals retained on file.	<p>Agreed.</p> <p>For any future issues of credit cards approvals will be retained on file.</p> <p>The Card List Report from Westpac provides a listing of all credit cards issued. This will be printed and filed with the credit card statements on a regular basis. The completeness of the credit card statements receipt as well as the appropriateness of the credit card limits will be checked against this actual listing on a monthly basis.</p> <p>The Internal Controls Procedure Manual will be updated accordingly.</p>

**2.3.2 Review and approval of credit card transactions****Moderate****Control**

There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.

**Risk**

Credit cards are used for purchases of a personal nature.

**Finding**

One of the eight card statements sampled by audit had not been approved by either the cardholder or an authorised approver.

**Recommendations**

Card statements are signed by both the cardholder and an authorised approver as per Councils Corporate Credit Card Procedure.

**Management Response**Agreed.  
Process was in place but was not complied with. Further attention to this control will be given going forward.**2.3.3 Approval for issuing of credit cards and limits****Moderate****Control**

Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.

**Risk**

Credit cards are used for purchases of a personal nature.

**Finding**

Not all card transactions reviewed by audit had appropriate supporting documentation, such as a valid tax invoice.

**Recommendations**

All purchases are evidenced by appropriate proof of purchase documentation as per Councils Corporate Credit Card Procedure.

**Management Response**Agreed.  
Process was in place but was not fully complied with. Further education and enforcement of purchase card transaction support requirements will be given to the credit card owners and Finance staff processing the transactions.

## 2.3.4 Review of credit card limits and usage

Low

## Control

There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.

## Risk

Credit Card limits are set at inappropriate levels.

Finding	Recommendations	Management Response
<p>There does not appear to have been a recent review of credit card limits and usage for operational efficiency.</p>	<p>Credit card limits and usage are periodically reviewed.</p> <p>The establishment and maintenance of a credit card register may assist such reviews.</p>	<p>Agreed.</p> <p>Council's focus is to ensure there is a process in place to ensure credit card limits and usages are verified for compliance with the credit card procedure.</p> <p>The Card List Report from Westpac provides the limits per card and the user is not able to spend over this limit, ensuring that the credit card holder will not access the predetermined limit.</p> <p>The annual check of ensuring this limit is consistent with the approved limit, combined with knowledge by Finance staff regarding changes made to the credit limits will ensure compliance.</p> <p>The review of credit card limits requires an audit trail within Council's records to evidence this review. The ControlTrack process will assist Council in ensuring this will occur timely.</p>

## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**

## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all.
R2	Fixed assets are inadequately safeguarded.
R3	Fixed Assets are not valued correctly
R4	Depreciation charges are either invalid not recorded at all or are inaccurately recorded.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type	CSA Importance	Weighting
R1	Regular verification of fixed assets are conducted and reconciled to the FAR.	Core		4
R1	Recorded changes to the FAR and/or masterfile are approved by management, compared to authorised source documents and General Ledger to ensure accurate input.	Core		5
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core		5
R1	Access and on-going maintenance of the fixed asset register is performed by authorised officers only.	Core		4
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core		5
R1	Reconciliation of fixed assets to the General Ledger is performed regularly.	Core		4
R1	Asset maintenance schedules are prepared, updated, and monitored by management and activity per the asset maintenance schedule. Changes to the asset maintenance history register are compared to source documents to ensure that they were input accurately.	Core		4
R3	Management regularly reviews valuation of fixed assets - methodology and useful lives, to ensure valuation is appropriate and in accordance with reporting requirements. Where appropriate, Council may engage an expert to perform valuations.	Core		5
R3	Management reviews depreciation rates and methodology (at least annually) to ensure that methods used to value fixed assets are still appropriate.	Core		5
R3	Asset revaluations and depreciation reviews are performed in accordance with Australian Accounting Standards.	Core		5
R3	The annual review of assets includes reviewing the appropriateness of categories of assets and impairment testing.	Core		4
R4	Depreciation charges are calculated in accordance with the accounting policy, including the useful life, depreciation method and calculation formulas.	Core		5
R5	Asset Management Plans exist for all major asset classes and all changes to the asset management plan must be approved by Council.	Core		5



## PURCHASING AND PROCUREMENT

## Risks

R1	Council does not obtain value for money in its purchasing & procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are placed for unapproved goods and services.

RISKS	Control	Control Type	CSA Importance	Weighting
R1	Council has a comprehensive Contract and Procurement Policy that is reviewed regularly.	Core		5
R1, R2, R4	Employees must ensure all purchase orders are approved in accordance with the Delegations of Authority and relevant policies.	Core		5
R3	Purchase orders are issued in accordance with the Council's Purchasing and Procurement Policy.	Core		5

## CONTRACTING

## Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type	CSA Importance	Weighting
R1,R2	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.	Core		5
R1	Council to maintain a contract register.	Core		4
R1	The Contracts, Tenders and Procurement Policy and Procedures should be reviewed regularly.	Core		4
R2	Council does not release milestone payments to suppliers / contractors until they meet all their associated objectives.	Core		5

### RATES / RATES REBATES

#### Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent
R4	Pensioner concessions and self-funded retirees are either inaccurately recorded or not recorded at all.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R2	Rates are automatically generated by the rate system, including the calculation of rate rebates, if applicable.	Core		4
R1, R2	Management regularly reviews the calculation methodology within the rate application system and for a sample of ratepayers to ensure correct calculation and methodology has been used.	Core		4
R1	All software changes to rate modelling functionality fully tested and reviewed by qualified personnel.	Core		5
R2	Regular review of exempt properties to ensure still valid, interest flag switched off and rate rebates.	Core		5
R2	Council approves rate rebates to rate payers in accordance with Delegations of Authority and as per the legislation.	Core		4
R2	Regular independent review of the rates aged receivables reports and independent check of rates payable by rates staff.	Core		4
R3	Recorded changes to property master file data are compared to authorised source documents or confirmed with ratepayers to ensure that they were input accurately. An audit trail is maintained for all changes.	Core		4
R3	Access to the Property master file is restricted to appropriately designated personnel, with significant changes to the Property master file approved by management.	Core		5
R4	Authorised officers verify all pensioner concession entitlement information provided annually by government departments.	Core		4

### RECEIPTING

#### Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type	CSA Importance	Weighting
R1,R2	Cash is stored securely at all times including the duration of the cash management process.	Core		5
R1	Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Core		5

## PAYROLL

## Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed
R6	Salary sacrifice transactions are inaccurately processed.
R7	Employees are terminated in breach of statutory and enterprise agreements.

RISKS	Control	Control Type	CSA Importance	Weighting
R1	Standard programmed formulae perform payroll calculations.	Core		5
R1, R3	Overtime hours worked and payments for such overtime are authorised by management for all eligible employees.	Core		5
R2	The transfer of the bank file should be restricted to authorised officers who are not be involved in the preparation of the pay run.	Core		5
R2	Payroll system generates exception reports detailing all payroll changes that are regularly reviewed by management who investigate & approve variances.	Core		5
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core		5
R2	Officers responsible for originating/preparing payroll disbursements are precluded from authorising transfer of same.	Core		5
R2	Employees made inactive in payroll records immediately upon termination. Termination report provided as supporting documentation with request for an EFT. Comparison of subsequent current employee listings made by independent person to verify correctness.	Core		5
R2	All employee deductions must be substantiated with documented approval provided by employee.	Core		5
R3	Total of payment summaries for the year is reconciled to general ledger and payroll.	Core		4
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the supervisor/manager.	Core		5
R4	Significant changes (supported by adequate audit trail) to the payroll master files approved by management.	Core		4
R4	All payroll suspense accounts are reconciled and reviewed by management or other supervisory personnel on a timely basis. Transactions recorded in the payroll suspense accounts are proper suspense items; other items are investigated and resolved in a timely manner.	Core		4
R5	Access to the payroll deduction listing is restricted to authorised officers.	Core		5
R6	All original salary sacrifice transactions must be approved by the relevant employee. Payroll staff must ensure that such approval has been obtained prior to processing transactions into the payroll system.	Core		5
R7	Establish employee termination policies and procedures, including statutory regulation and union requirements. Regularly review and update these policies and procedures.	Core		4

## GENERAL LEDGER

## Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R2	All updates and changes to General Ledger programmes are authorised, tested and documented.	Core		5
R1, R2	Access to General Ledger maintenance is restricted to authorised personnel.	Core		5
R1	General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed.	Core		4
R1	Manual journal entries recorded in the register are authorised by the officer preparing the journal and an independent reviewer.	Core		5
R1, R2	Off-site backup of data, program and documentation.	Core		4
R1	System does not allow posting of unbalanced journals.	Core		5
R1	Amendments to the structure of the General Ledger framework are approved by an authorised officer.	Core		5
R1, R2	General Ledger policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department.	Core		5
R2	Formal disaster recovery plan adopted by Council or Senior Executive.	Core		5

## ACCOUNTS PAYABLE

## Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R2, R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Core		4
R1	Invoices received are authorised and accompanied by appropriate supporting documentation.	Core		5
R1	Payments (Cheques and EFT's) are endorsed by authorised officers separate to the preparer who ensure that they are paid to the specified payee.	Core		5
R2	Access to the supplier master file is restricted to authorised officers.	Core		5
R2, R5	Separation of Accounts Payable and Procurement duties.	Core		5
R3	All disbursements must be approved by an authorised officer in accordance with relevant policies and/or Delegations of Authority.	Core		5
R3	Purchase Orders must be raised for the purchase of goods and services in line with the Council's Procurement policy or over a predetermined amount where applicable.	Core		5
R3	Individuals who authorise payment of suppliers are authorised officers who are independent of the processing of invoices.	Core		5
R4	Authorised officer to review aged payables listing on a predetermined basis and investigate where appropriate.	Core		5
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core		5
R5	The accounts payable system and or supplier master file prevents users from making unauthorised adjustments to supplier accounts.	Core		5

## DEBTORS

## Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core		4
R1	Council maintains a Debt Collection Policy.	Core		5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core		5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core		4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core		5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core		4

## BANKING

## Risks

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R2	Blank cheques and/or cheque-signing machine are adequately safeguarded.	Core		5
R1, R2	Access to EFT Banking system restricted to appropriately designated personnel.	Core		5
R1, R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an authorised officer. Any identified discrepancies are investigated immediately.	Core		5
R1, R2	All cash held securely in safe/registers with access restricted to appropriately designated personnel.	Core		5
R2	Cash transfers between bank accounts and investment bodies are approved by authorised officer.	Core		5
R2	Procedures are in place to ensure that all cash collected is banked and properly recorded.	Core		5



City of  
Mount Gambier

# Draft Annual Business Plan and Budget 2018/2019

## FOR CONSULTATION

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# 2018/2019 DRAFT BUSINESS PLAN AND BUDGET

## TABLE OF CONTENTS

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<b>FROM THE MAYOR</b>	<b>Page 1</b>
<b>OUR CITY</b>	<b>Page 2</b>
<b>OVERVIEW</b>	<b>Page 3</b>
<b>BUDGET INFLUENCES</b>	<b>Page 3</b>
- Operating and Economic Influences	
<b>STRATEGIC DIRECTIONS</b>	<b>Page 4</b>
- The City Development Framework Project	
- The Community Plan	
- Our Vision	
- Long Term Financial Plan	
- Financial Sustainability	
<b>SERVICES</b>	<b>Page 7</b>
<b>2018/2019 DRAFT ANNUAL BUSINESS PLAN AND BUDGET</b>	<b>Page 8</b>
<b>MEASURING PERFORMANCE</b>	<b>Page 13</b>
<b>RATING STRATEGY</b>	<b>Page 13</b>
<b>RATE REBATE AND RATE RELIEF ASSISTANCE</b>	<b>Page 17</b>
<b>COMMUNITY ENGAGEMENT AND BUDGET MEETINGS</b>	<b>Page 18</b>
<b>APPENDIX A 2018/2019 SUMMARY BUDGET BY FUNCTION</b>	<b>Page 19</b>
<b>APPENDIX B 2018/2019 BUDGETED FINANCIAL STATEMENTS</b>	<b>Page 19</b>



# **2018/2019 DRAFT ANNUAL BUSINESS PLAN AND BUDGET**

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## **FROM THE MAYOR**

The Draft 2018/2019 Annual Business Plan and Budget reflects the work of Council in preparing for the Draft 2018/2019 financial year. It is a statement of the City's intended program and outcomes for the upcoming financial year and has been developed with reference to the Community Plan - The Futures Paper 2016-2020, Long Term Financial and Infrastructure and Asset Management Plans.

The Draft 2018/2019 Annual Business Plan and Budget outlines our objectives for the year, how they will be achieved and the methods used to monitor and measure performance. It also includes a summary of revenue and expenditure required to deliver the program, developed within the context of our commitment to financial sustainability and longer term financial planning. Importantly, it also describes the impact on rates and implications for ratepayers.

To ensure our priorities reflect the needs of our community, our short term financial planning and budgeting is undertaken with our long term goals in mind. Key elements of the ten (10) year Long Term Financial Plan now reflected in the 2018/2019 Annual Business Plan and Budget, include major capital projects to be completed, required rate revenue, in addition to annual operating expenses.

Other key influences on the Draft 2018/2019 Annual Business Plan and Budget include:

- Continuing focus on achieving the vision expressed in Council's Community Plan - The Futures Paper 2016/2020 and delivery of prioritised actions from a number of other key strategic documents
- Major focus on economic development including tourism and employment opportunities
- Continuing investment to promote Mount Gambier as a visitor destination, a regional retail and commercial hub as well as a quality destination to host major events and conferences
- Continuing development of Council's Infrastructure and Asset Management Plan
- Capital program of approximately \$8.1M
- Maintaining our extensive public realm assets and infrastructure
- Maintaining the wide range of community support programs and initiatives
- Retaining and developing Council's workforce to ensure capacity in service delivery
- Delivery of Arts, Culture and Heritage supported by the Riddoch Art Gallery.

The Draft 2018/2019 Annual Business Plan and Budget provides for a materially balanced budget position at years end. Council's Long Term Financial Plan predicts a 4.5% increase in rate revenue, including a growth factor (new assessments) estimated to be in the order of 0.5% which is anticipated to result in an average residential rate increase of approximately 4% for 2018/2019.

Following the community engagement process that will conclude on Friday 11 May 2018, Council will formally consider all feedback before adoption of the final 2018/2019 Annual Business Plan and Budget in late June 2018.

**Andrew LEE**  
**MAYOR**

## OUR CITY

The City of Mount Gambier located equal distance between the capital cities of Adelaide and Melbourne, is South Australia's second largest city and is home to a population of more than 26,000 citizens. Mount Gambier is the regional centre for the Limestone Coast region of South Australia, the western district of Victoria and is widely known as the home of Australia's softwood timber industry and the wine regions of Coonawarra and Pathaway. Mount Gambier services the commercial, retail, social, tourism, sporting, arts and cultural needs of its 70,000+ regional population.

Mount Gambier was sighted and named in honour of Lord James Gambier, Admiral of the Fleet, by Lieutenant James Grant in December 1800 while on a survey voyage in the Brig, HMS Lady Nelson. The Henty brothers, who first settled in the area to graze cattle, never officially laid claim to the land and were forced to leave when the first lease was granted to Evelyn Sturt, brother to the famous explorer Charles Sturt. "Gambiertown" as it was originally known was founded by Hastings Cunningham, who in 1854 subdivided a section of 77 acres for the establishment of a town. The first Town Council was formed in 1876 with Mount Gambier being officially declared a City in 1954.

Mount Gambier's estimated population as at the 2016 Census was 26,993 persons living in 12,328 dwellings with an average household size of 2.3. This represents an increase in population from 25,773 persons as at the 2011 Census. 2,842 people who were living in the City of Mount Gambier in 2016 were born overseas and 18% arrived in Australia within the last 5 years. Aboriginal and Torres Straight Islanders comprise 591 persons (or 2.2%) of Mount Gambier's population. 11,614 people living in the City are employed, of which 55.1% work full time and 36.7% work part time.

The majority of City of Mount Gambier residents are employed in the retail and services sectors including health care, financial and social assistance and the manufacturing sector. Further information on Mount Gambier's demographics are available in the 'Council Identity (Profile)' area on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au)

With a diverse and stable economic base, the Mount Gambier region is one of the most significant contributors to the South Australian economy in both export, local income and tourism. Key industries that contribute to the City and regional economy are:

- Multi-million dollar softwood timber industry that has influenced the social and cultural heritage of the City and the region
- Visitor economy
- Agribusiness
- Transport and logistics.

The City of Mount Gambier actively works to ensure we are a digitally connected community, aligned with Council's Digital Strategy. The partnership with Flinders University introducing the New Venture Institute (NVI) Business Incubator program to Mount Gambier will support start-ups and accelerate growth for local and emerging businesses.

A focus for growth is the visitor economy, a diverse and wide reaching sector that impacts broadly across service and product groups. The growth of this sector impacts on business opportunities from hospitality to growing existing products and services and providing exciting new opportunities. This sector strongly links to the agribusiness sector, with farm experiences increasingly sought after by international visitors.

Transport and logistics are key employers in Mount Gambier. The geographic location of Mount Gambier, midway between Adelaide and Melbourne and one hour from Portland's major deep sea port, ensures the City remains a key transport hub. The transport sector remains strong, with growing demand in the forestry sector.

## OVERVIEW

Our Draft 2018/2019 Annual Business Plan and Budget is an important part of Council's suite of Strategic Management Plans and Integrated Planning and Budgeting Framework. It links our:

- Community Plan, The Futures Paper 2016 – 2020 and its strategies, initiatives, services and projects
- Long Term Financial Plan
- Infrastructure and Asset Management Plan

with our annual budgeting process to ensure that we optimise the mix of services, programs, infrastructure and facilities for the benefit of our community.

The 2018/2019 Budget provides for:

- \$8.1M in capital expenditure projects, the majority of which are drawn from Council's detailed Infrastructure and Asset Management Plan
- \$351,000 operating surplus as at 30 June 2019
- Overall increase in total rate revenue of 4.5% (individual assessments should anticipate an increase of approximately 4% when growth is taken into account).

Key initiatives for 2018/2019 are detailed in the Budget section of the Draft Annual Business Plan.

Council's Rating Policy for 2018/2019 is based on the same rates structure that applied in the previous financial year, that is:

- A fixed charge (applicable to every rateable property that will raise approximately 45% of Council's overall general rate revenue)
- Differential rates for different land use categories (percentage differentials remain the same as previous year).

Rates income accounts for approximately 70% of Council's operating income.

Council's Rate Rebate Policy for 2018/2019 remains unchanged from the previous year.

Community feedback assists Council to determine the services, programs and projects provided from year to year. The 2018/2019 Annual Business Plan and Budget is available in draft to enable community consultation and feedback prior to adoption of the final 2018/2019 Annual Business Plan and Budget in June 2018.

## BUDGET INFLUENCES

In developing our Draft 2018/2019 Annual Business Plan and Budget, Council identified pressures and potential impacts on our financial budget and performance.

### Operating and Economic Influences

We live and operate in a dynamic environment with increasing pressure from economic, operating and political influences on the Draft 2018/2019 Annual Business Plan and Budget including:

- Pressure from China banning the import of unprocessed recyclable materials (e.g. soft plastics) and an associated decrease in the price paid for the materials (reduction from \$130/tonne to \$0/tonne)
- Increase in the Environmental Protection Authority's (EPA) Solid Waste Levy
- Increase in insurance premiums
- Potential increase in rate rebates for community housing properties
- Increase in utility costs i.e. electricity charges particularly street lighting

- New strategies aligned to Council's Community Plan e.g. Youth Strategy, Culture and Heritage Strategy, GigCity Strategy, Signage Strategy, Tourism Strategy some of which have yet to be determined and costed
- Council's focus on economic development and tourism opportunities
- Implementation of a major Reuse Centre necessitating both capital and operating expenditure
- Upgrading of infrastructure to enable NBN connectivity and monitoring
- SA Electoral Commission Local Government Election expense - \$121k once in four years
- Employee costs – 2% increase linked to EBAs
- Potential rate capping.

## STRATEGIC DIRECTIONS

### The City Development Framework Project

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations centred on four interrelated characteristics:

<i>Our People</i>	<i>How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.</i>
<i>Our Location</i>	<i>How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.</i>
<i>Our Diverse Economy</i>	<i>How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.</i>
<i>Our Climate, Natural Resources and Heritage</i>	<i>How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.</i>

Outcomes from the City Development Framework Project were incorporated within the four Futures Papers which are a guide for the future direction and development of the City based upon the ideas and aspirations of the community.

### The Community Plan

The Community Plan represents Council's vision, aspirations and priorities of the community now and into the future. It describes Council's values, how we work together and outlines the strategic initiatives to achieve ongoing sustainability and prosperity. The Community Plan was endorsed by Council in May 2016.

The Community Plan together with the Futures Paper are Council's key strategic documents and are supported by its Long Term Financial Plan, Infrastructure and Asset Management Plan and the Annual Business Plan and Budget. These plans identify the direction, services, programs, infrastructure and facilities that Council wishes to provide for its Community, specifically for the next four years but also for the future.

### Our Vision

Within the Community Plan, Council describes its vision as:

***“An inclusive city where people lead fulfilling lives.”***

What makes Mount Gambier the thriving successful place that people are proud to call home is the richness and diversity of:

- Our People
- Our Location
- Our Economy
- Our Climate, Natural Resources, Art, Culture and Heritage.

These elements contribute strongly towards the future growth and development of the City and form the goals of Council's Community Plan.

Council strives to create vibrancy, promote our identity and build a reputation as a place to live, work, visit and invest in. To provide a future for our people we need more economic growth and employment as well as art, cultural, recreational and educational opportunities.

The vision is supported by the above mentioned four goals that identify what is important to the community and how the community would like to see the City develop and grow. Working together both Council and the community can collectively achieve these goals.

The Community Plan reinforces that the role of local government has grown from its traditional base of roads, rates and rubbish and the scope of services is now wider and more diverse and includes health, services for the aged, youth support for sector, special interest groups within the community and economic development.

### **Long Term Financial Plan**

The development of a Long Term Financial Plan is a requirement of Section 122(1) of the Local Government Act 1999. The purpose is to translate the objectives and strategies of the Council's Strategic Plan (Community Plan) into financial terms and to guide the direction of Council in a financially sustainable manner.

Council's Long Term Financial Plan is reviewed regularly (and at a minimum within two years of each Local Government Council election) and acts as a reference point in the formulation of future Annual Business Plans and Budgets.

The Long Term Financial Plan is driven by Council's Strategic Management Plan and includes Council's future revenue and expenditure estimates particularly focusing on the financing and scheduling of major projects, loan indebtedness, rating level, asset replacement/renewal and impact on operating expenditure.

Council's Long Term Financial Plan assumes:

- The continuation of existing services and infrastructure at current service standards
- No internal changes to services or investment in new or upgraded assets other than what is already resolved and planned.

Council's financial projections over the long term planning horizon are not a prediction of financial position or performance, but rather an indication of direction and financial capacity.

The Long Term Financial Plan tells us that Council is meeting its financial targets over the term of the plan and has the financial capacity to continue to meet the community's service demands plus the flexibility to respond to changing circumstances.

The projections indicate that, based on current assumptions, Council is in a sound financial position with a favourable outlook over the term of the Long Term Financial Plan.

The Futures Paper, Community Plan and Long Term Financial Plan are available from Council's website: [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).

## Financial Sustainability

Financial sustainability in local government ensures that each generation pays their way rather than any generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

South Australian local government has developed a set of indicators to measure councils' Financial Sustainability. Financial Sustainability Indicators and their targets are used by Council as a guide in the Long Term Financial Plan. The principle indicators are derived from Council's Audited Financial Statements being:

- Operating Surplus (Deficit)
- Net Financial Liabilities
- Asset Sustainability.

The following table presents a comparison of these key Financial Indicators, including Council's targets, to maintain its financial performance.

Key Financial Indicators	2012	2013	2014	2015	2016	2017	2018
Operating Surplus Ratio (Target: 0% - 15% over 5 years)	4%	2%	3%	(1%)	3%	6%	(3%)
Net Financial Liabilities Ratio (Target: Not to exceed 100%)	27%	23%	31%	26%	25%	28%	45%
Asset Sustainability Ratio (Target: 90% - 100% over 3 years)	52%	85%	107%	53%	57%	62%	74%

A brief description of each of the Key Financial Indicators is provided below:

- Operating Surplus (Deficit) Ratio - expresses the operating surplus (or deficit) as a percentage of general and other rates, net of rebates.
- Net Financial Liabilities Ratio - indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenue is required to service its financial obligations.
- Asset Sustainability Ratio - indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. Councils with a high ratio are replacing and renewing capital assets at a rate comparable to depreciation/wear.

## SERVICES

All councils have mandatory responsibilities under the Local Government Act, the Development Act, the Public and Environmental Health Act and other relevant legislation for the provision of services. These include:

- Regulatory activities such as maintaining the voters roll, property ownership data and supporting the elected Council
- Setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- Management of infrastructure including roads, footpaths, parks, public open spaces, street lighting and storm-water drainage
- Street cleaning, rubbish collection and recycling
- Development planning and control, including building safety assessment
- Various environmental health services including food safety, public health
- Protection of natural resources

- Inspectorial services (parking, animal control).

In response to community demands, Council also provides discretionary services and programs including:

- Libraries and associated facilities and programs
- The Main Corner Complex and room hire
- Youth development
- Economic development
- Environmental programs
- Public parks and gardens
- Community programs
- Sporting and recreational facilities
- Lifelong learning
- Community engagement and social inclusion
- Tourism and visitor services
- Attracting major events to the City
- Community events programs
- Events, sponsorship and grants
- Free public Wi-Fi
- Cemeteries
- Advocating on behalf of the community to Federal/State Governments
- Citizenship ceremonies.

In accordance with the Long Term Financial Plan, Council's 2018/2019 Annual Business Plan and Budget will provide for existing service levels to be maintained.

## **DRAFT 2018/2019 ANNUAL BUSINESS PLAN AND BUDGET**

The Draft 2018/2019 Annual Business Plan and Budget proposes to spend a total of \$38.3M (\$30.2 operating expenditure, including depreciation plus \$8.1M capital expenditure) on the delivery of services and programs, maintenance of assets and development of new or upgraded assets (operating/capital expenditure).

Budgeted operating expenditure is estimated to increase by 9.2% or \$2.5M on the 2017/2018 period, and in comparison, operating revenue is anticipated to increase by 9.2% or \$2.5M attributable to increased rate revenue and environmental revenue.

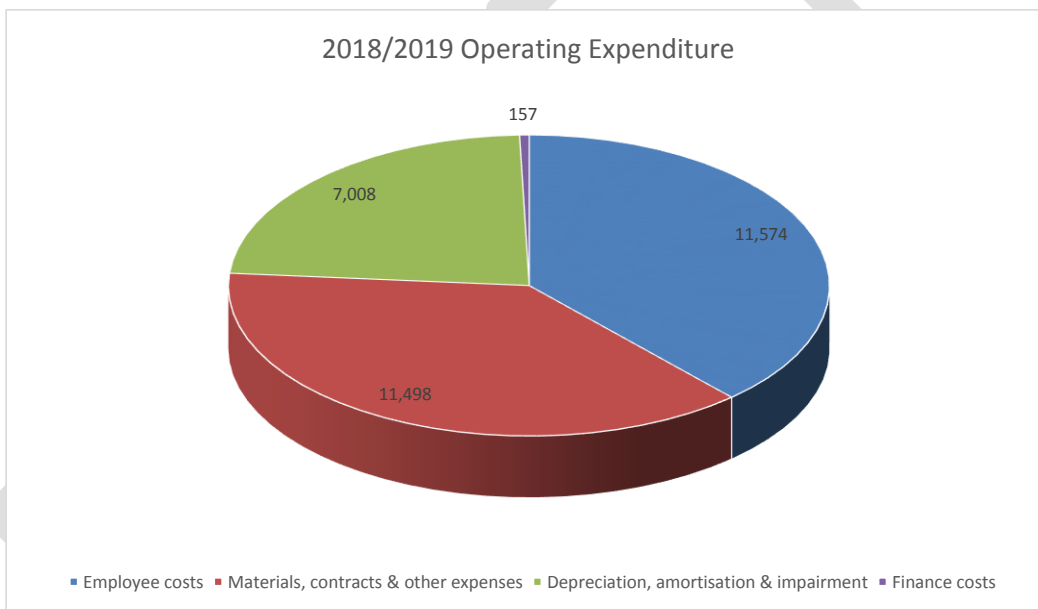
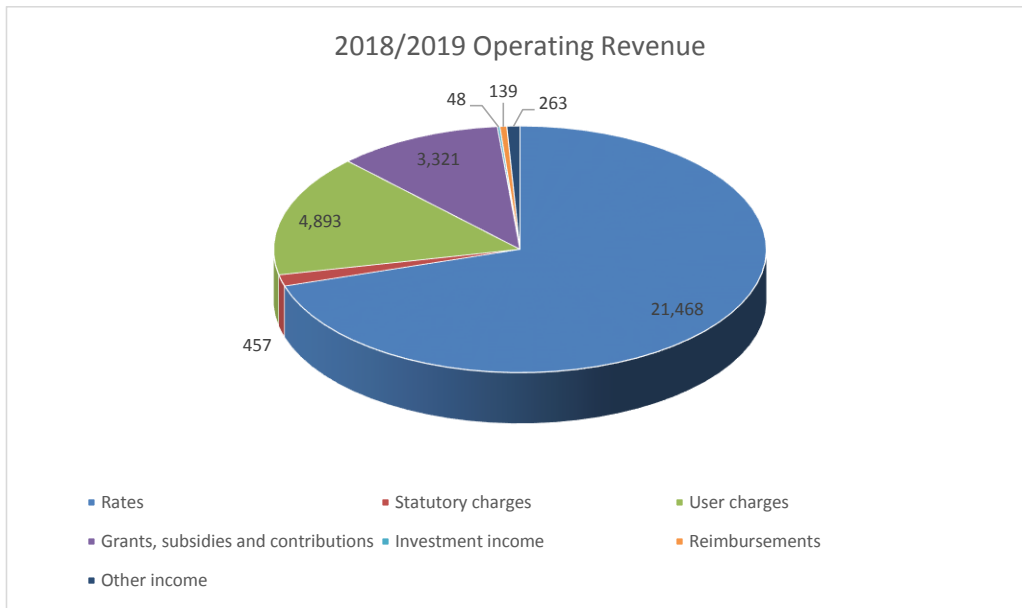
The provision of services such as the library, parks and infrastructure maintenance, waste collection and disposal continue to be a significant component of Council's budget.

Appendix A provides a summary of the Draft 2018/2019 Annual Business Plan and Budget covering revenue and expenditure of an operating and capital nature under functional categories.

The Draft 2018/2019 Annual Business Plan and Budget is available to be downloaded from Council's website at [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au) and from Council's office.

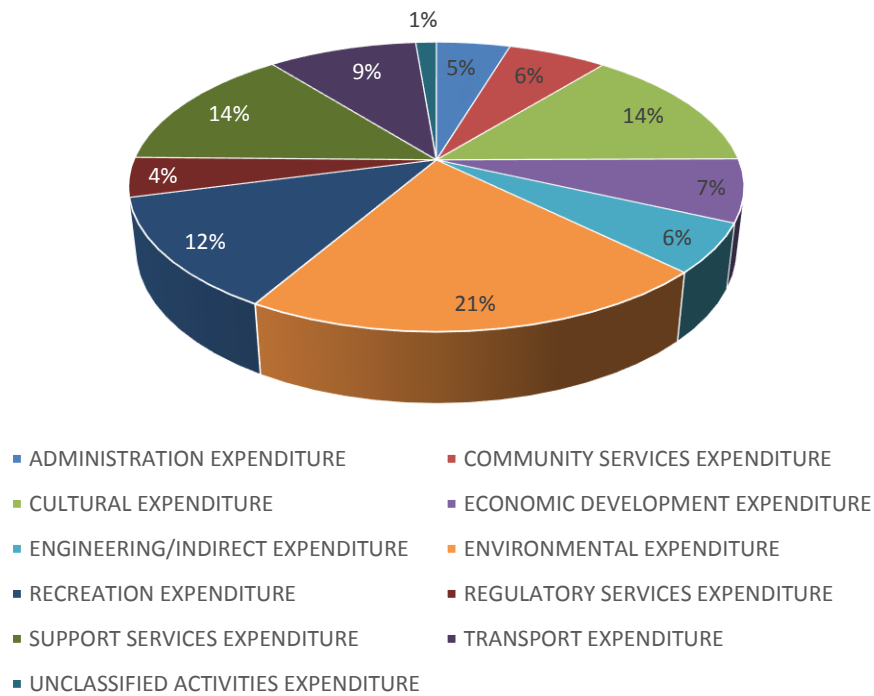


The following graphs present Council's Draft Income (\$) and Expenditure (\$) for 2018/2019:

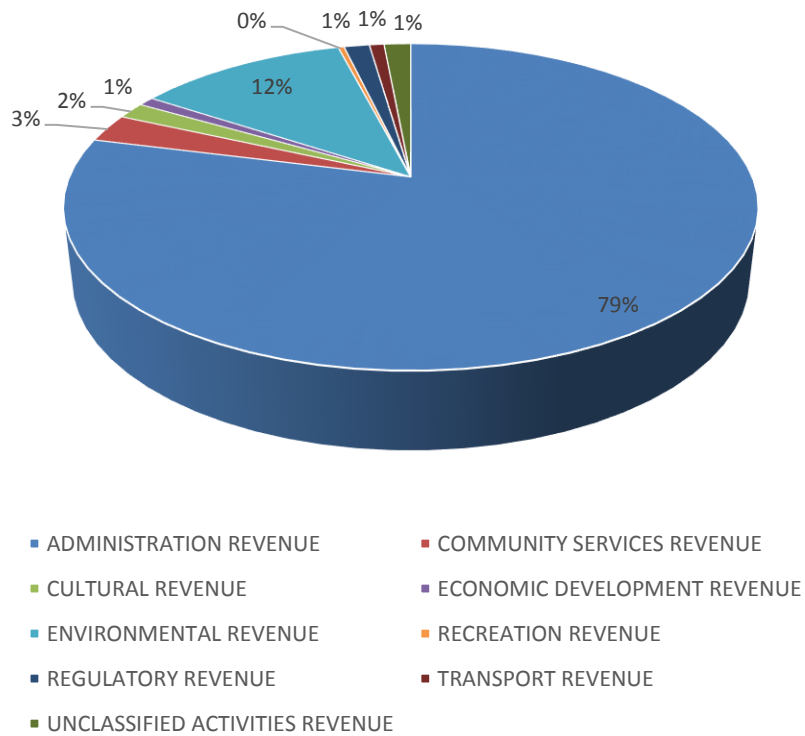


The following graphs present Council's Draft Income (%) and Expenditure (%) by Function for 2018/2019:

2018/2019 Operating Expenses by Function



2018/2019 Operating Revenue by Function



## MEASURING PERFORMANCE

Measuring and monitoring our performance is fundamental to ensure our objectives are achieved and programs and services are delivered to our community to the standard in our service levels.

Council monitors financial performance through a range of financial reports including regular financial statements, quarterly comprehensive budget reviews, quarterly performance against the interim and final audits by Council's appointed external auditors and the presentation of audited financial statements each year as required under the Local Government Act 1999. The financial reports also take account of the principles of financial sustainability adopted by Council along with the three (3) key financial sustainability indicators.

To provide advice and recommendations on financial and governance matters, Council has an Audit Committee that includes two independent members with qualifications and experience in related disciplines and an Elected Member experienced in Council's operations.

Council's Annual Report also provides information on overall performance as does the Community Plan which includes corporate strategies and associated performance indicators.

## RATING STRATEGY

In 2018/2019 approximately 70% of Council's operating revenue will come from rate revenue. As a result Council's rating policies and strategies are key components of our financial planning.

The Draft 2018/2019 Annual Business Plan and Budget proposes a 4.5% rate increase due to a combination of operational costs savings and grant funding and a reduced reliance on loan borrowings. The proposed rate increase is consistent with the Council's Long Term Financial Plan.

The following increases in general rate revenue have been applied over the past five (5) years:

Year	Rate Increase	Growth Benefit	Total
2013/2014	5.6%	0.5%	6.1%
2014/2015	3.9%	0.9%	4.8%
2015/2016	3.85%	0.65%	4.5%
2016/2017	3.84%	0.66%	4.5%
2017/2018	4.02%	0.48%	4.5%
2018/2019	TBC	TBC	4.5%

Note: Growth is predominantly the result of new housing and property improvements as reported by the State Valuation Office.

### Rate Comparisons

Mount Gambier's average residential rates are comparable with the State average and with the averages of both South Australia Metropolitan and Regional Councils.

Average for all SA Metro Councils	\$1,548
Average for all SA Rural Councils	\$1,306
<b>Average for City of Mount Gambier</b>	<b>\$1,145</b>

Source: Local Government Association 2017/2018 Rates Survey

### Valuation Method

Capital Value is used as the basis for valuing land within the Council area in common with almost all other South Australian councils. This method values the land and all of the improvements on the land. This valuation method is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- It is the most appropriate measure of relative wealth in the community.

- As a measure of wealth, it most closely reflects the property owners' capacity to pay.
- It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Other valuation methods available are: site value (value of land only) and annual value (value of the rental potential of property).

### Capital Valuation Comparison

Year	Rateable Land	Non Rateable Land	Total
2013/2014	3,167,914,030	199,262,010	3,367,176,040
2014/2015	3,202,252,530	203,617,310	3,405,869,840
2015/2016	3,251,510,225	205,393,515	3,456,903,740
2016/2017	3,259,233,035	212,100,805	3,471,333,840
2017/2018	3,329,622,852	217,152,488	3,546,775,340
2018/2019 <sup>(1)</sup>	TBA	TBA	TBA

(1) Property values in the Council area (as provided by the State Valuation Office) are yet to be received therefore comparison for the next financial year are unable to be provided at this time.

### General Rates

Section 147 of the Local Government Act 1999 provides Council with the power to rate all land within the City of Mount Gambier, except for land specifically exempted such as Crown Land.

### Fixed Charge

Council has determined that a component of the total rate will be a fixed charge on every rateable property. The fixed charge applies to all ratepayers and continues to raise slightly less than one half of total rate revenue (before rebates and remissions) required for the 2018/2019 financial year.

Council's reasons for including a fixed charge component are:

- To be able to deliver a range of services to the community, Council must maintain a range of internal support and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of the support and administrative services.
- The Council considers it appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

### Fixed Charge Comparison

Year	Fixed Charge	% of Total Rates
2014/2015	\$565.50	45%
2015/2016	\$585.80	45%
2016/2017	\$606.90	45%
2017/2018	\$630.30	45%
2018/2019 <sup>(1)</sup>	TBA	45%

(1) Council anticipates that the fixed charge of Council's rating structure will continue to raise approximately 45% of Council's overall rate revenue.

### Differential Rates

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land, for rateable land within the Council area, as follows:

- On rateable land of category 1 (residential) use
- On rateable land of categories 2, 3 and 4 (commercial shop, commercial office or commercial other) use

- (c) Rateable land of categories 5 and 6 (industrial light and industrial other) use
- (d) On rateable land of category 7 (primary land) use
- (e) On rateable land of category 8 (vacant land) use
- (f) On rateable land of category 9 (other) use.

Every resident benefits in some part from the general amenity of the Council area. This amenity includes the local economy, general Council operations and the ability of every resident to use Council facilities including parks, gardens, libraries, etc.

The main reasons for providing differential rates are:

- Ability to pay
- Potential income taxation deductions
- Materially heavier/lighter use of services by ratepayers/employees/customers/suppliers
- Provide a disincentive to withholding land from development.

### Differential Rate in Dollar Comparison

Year	Residential	Commercial	Industrial	Primary Production	Vacant Land	Other
2014/2015	0.21980	0.59346	0.59346	0.21980	0.59346	0.21980
2015/2016	0.22631	0.611037	0.611037	0.22631	0.611037	0.22631
2016/2017	0.23637	0.638199	0.638199	0.23637	0.638199	0.23637
2017/2018	0.24194	0.653238	0.653238	0.24194	0.653238	0.24194
2018/2019	TBA	TBA	TBA	TBA	TBA	TBA

Note: Rates in the dollar are expressed as a fraction of a cent in the dollar.

### Separate Rates

Mount Gambier is in the South East Natural Resources Management Board area and is legally required under the Natural Resource Management Act 2004 to contribute to the funding of the operations of the Board.

The Council collects revenue on behalf of the South East Natural Resources Management Board and does not retain any revenue collected nor does it determine how the revenue is spent.

### NRM Levy Comparison

Year	NRM Levy	Total NRM Revenue
2013/2014	\$40.60 (per assessment)	\$544,445
2014/2015	\$40.90 (per assessment)	\$554,609
2015/2016	\$42.00 (per assessment)	\$578,276
2016/2017	Res/Vac/Other \$69.00 (per assessment)	\$1,041,246
	Commercial \$127.00 (per assessment)	
	Industrial \$156.00 (per assessment)	
	Primary Production \$290.00 (per assessment)	
2017/2018	Res/Vac/Other \$72.65 (per assessment)	\$1,079,041
	Commercial \$110.05 (per assessment)	
	Industrial \$174.30 (per assessment)	
	Primary Production \$323.00 (per assessment)	
2018/2019 <sup>(1)</sup>	Res/Vac/Other TBA (per assessment)	TBA
	Commercial TBA (per assessment)	
	Industrial TBA (per assessment)	
	Primary Production TBA (per assessment)	

(1) Preliminary advice received from the South Australian State government indicates there will be no significant increase in the levy for 2018/2019 to fund increased costs associated with the operations of the Board. Council has no control over the levy amount which is set by the Minister for Environment and Water.

## **Minimum Amount**

Council uses a Fixed Charge as part of its rating structure instead of a Minimum Rate amount.

## **RATE REBATE AND RATE RELIEF ASSISTANCE**

To address any potential inequities in how rates are levied across the Council area the following rate relief assistance options continue to be available:

### **Residential Rate Cap**

Where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase greater than 15% in general rates (excluding any rebates/remissions) payable, the amount of the rate rebate is the amount of gross rates for the current year over and above the general rates imposed in the preceding financial year plus 15%.

(All calculations referenced herein are gross rates figures i.e. exclusive of any rebates/remissions)

The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it work more than \$20,000, or
- (b) Any such increase is in whole or part because the zoning of land use category of the land has changed, or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year, or
- (d) The ownership of the rateable property has changed since 1<sup>st</sup> July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value; or
- (e) The subject property boundary(ies) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year; or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non-principal place of residence properties;
- (b) The current financial year only then subject to an annual review.

### **Vacant Land**

The vacant land rate in the dollar is usually substantially higher than the residential rate in the dollar. For owners of vacant land who intend to develop that land, in the short term as their principal place of residence, may be entitled to a rebate on Council rates. Applications must be in writing with the maximum rate rebate calculated so that the rates payable are equivalent to the average residential land use.

### **Postponement of Rates - Seniors**

Any person holding a South Australian State Government issued State Seniors Card may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years. All applications for postponement will be considered in accordance with the relevant legislative provisions.

## Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship will be able to access payment plans tailored to meet their particular circumstances. All arrangements will be strictly confidential.

## Mandatory and Discretionary Rate Rebates

The Local Government Act 1999 requires councils to rebate rates on some land uses (mandatory rebates) and the ability to grant discretionary rebates for land used for the purposes of community benefit provided the land meets certain legislative and Council Policy criteria.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) and the Schedule of Rate Rebates granted, is available for inspection at the Council Office or from the Council website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au) .

## COMMUNITY ENGAGEMENT AND BUDGET MEETINGS

The Draft 2018/2019 Annual Business Plan and Budget is presented in the context of Council's endorsed strategic directions for the City. The document reflects Council's continuing focus on ensuring that the physical infrastructure of the City is fit for use and maintained in a cost effective way. Through implementation of this year's Plan, we aim to deliver to residents and ratepayers a well-managed, sustainable City environment for current as well as future generations.

The community engagement process provides members of the Community with the opportunity to have input into the Annual Business Plan and Budget before the Budget and list of capital and operating projects are finalised and adopted by Council. It also enables comment on the potential distribution of rates across the City and any rate relief options Council should consider or issues Council should be aware of when modelling valuation data and determining the distribution of rates for the 2018/2019 financial year.

### **Council encourages members of the Community to take part in the community engagement on the Draft 2018/2019 Annual Business Plan and Budget.**

Submissions and/or questions regarding the Draft 2018/2019 Annual Business Plan and Budget close at 5.00 p.m. on Friday 11 May 2018 and can be made via:

- 'Have Your Say' website at [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au)
- Email to: [city@mountgambier.sa.gov.au](mailto:city@mountgambier.sa.gov.au) mark 'Draft 2018/2019 Annual Business Plan and Budget Consultation'
- Written submissions:  
Draft 2018/2019 Annual Business Plan and Budget Consultation  
City of Mount Gambier  
PO Box 56  
MOUNT GAMBIER SA 5290

A Special Meeting of Council to consider the 2018/2019 Annual Business Plan and Budget will be held on 22 May 2018 (for confirmation please check Council's website closer to the date) to consider public submissions and the 2018/2019 Annual Business Plan and Budget is expected to be finalised and adopted in late June 2018 (date to be confirmed).

Members of the City of Mount Gambier Community are welcomed and encouraged to attend these Council meetings.

## **APPENDIX A 2018/2019 SUMMARY BUDGET BY FUNCTION**

## **APPENDIX B 2018/2019 BUDGETED FINANCIAL STATEMENTS**

Income Statement

Cash Flow Statement

Balance Sheet

Statement of Changes In Equity

Uniform Presentation of Finances

Financial Indicators

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**APPENDIX A**

**2018/2019 SUMMARY BUDGET BY FUNCTION**

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## 1. Function: Administration

### 1.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
<b>ADMINISTRATION EXPENDITURE</b>								
6000	ELECTED MEMBERS EXPENDITURE	323	328	329	329	334	404	
6002	ORGANISATIONAL EXPENDITURE	1,440	1,571	1,182	1,069	1,097	939	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,763</b>	<b>1,899</b>	<b>1,511</b>	<b>1,398</b>	<b>1,431</b>	<b>1,343</b>	<b>-</b>

### 1.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7500	CIVIC CENTRE	20	407	200	273	273	200	
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>20</b>	<b>407</b>	<b>200</b>	<b>273</b>	<b>273</b>	<b>200</b>	<b>-</b>

### 1.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
<b>ADMINISTRATION REVENUE</b>								
4100	RATES RAISED	19,734	19,803	20,685	20,685	20,691	21,616	
4112	RATES REMITTED	(1,150)	(1,249)	(1,282)	(1,282)	(1,268)	(1,367)	
4113	FINES ON RATES	70	76	80	80	80	81	
4114	FINES REMITTED	(2)	(1)	(2)	(2)	(1)	(1)	

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>GENERAL PURPOSE REVENUE</b>							
4120	GENERAL PURPOSE REVENUE	2,568	3,908	2,644	2,251	1,294	2,511	
4125	LOCAL ROADS REVENUE				393	198	411	
	<b>TOTAL OPERATING REVENUE</b>	<b>21,220</b>	<b>22,538</b>	<b>22,125</b>	<b>22,125</b>	<b>20,994</b>	<b>23,250</b>	<b>-</b>

## 2. Function: Support Services

### 2.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>SUPPORT SERVICES EXPENDITURE</b>							
6005	GOVERNANCE AND STRATEGY		-	475	475	491	274	
6010	STRATEGIC FINANCE & ACCOUNTABILITY				-	-	324	
6011	ACCOUNTING/FINANCE EXPENDITURE	450	450	456	456	533	280	
6012	PAYROLL EXPENDITURE	450	470	480	480	331	118	
6013	HUMAN RESOURCES EXPENDITURE	274	384	178	178	226	159	
6014	INFORMATION TECHNOLOGY EXPENDITURE	621	626	639	639	700	662	
6015	COMMUNICATION EXPENDITURE	33	19	27	27	27	73	
6016	RATES ADMINISTRATION EXPENDITURE	273	280	284	284	297	303	
6017	RECORDS MANAGEMENT EXPENDITURE	203	177	196	196	198	211	



6018	OCCUPANCY EXPENDITURE	783	722	546	546	(0)	402	
6020	CUSTOMER SERVICE EXPENDITURE	173	164	182	182	219	558	
6021	OTHER SUPPORT SERVICES EXPENDITURE	180	167	188	188	201	185	
6022	COMMUNITY ENGAGEMENT	390	325	271	136	150	244	
6023	MEDIA AND COMMUNICATIONS				248	262	284	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>3,830</b>	<b>3,784</b>	<b>3,922</b>	<b>4,035</b>	<b>3,638</b>	<b>4,073</b>	<b>-</b>

## 2.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7460	OFFICE EQUIPMENT (PURCHASES)	95	63	220				
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>95</b>	<b>63</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 3. Function: Community Services

### 3.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>COMMUNITY SERVICES EXPENDITURE</b>							
6100	CRIME PREVENTION EXPENDITURE	20	14	13	13	13	14	
6102	EMERGENCY SERVICES EXPENDITURE	34	2	33	33	-	-	
6103	OTHER FIRE PROTECTION EXPENDITURE	1	2	1	1	1	1	



6104	OTHER PUBLIC ORDER AND SAFETY EXPENDITURE	1	0	1	1	1	1	
6111	HEALTH - PEST CONTROL EXPENDITURE	1	1	1	1	1	-	
6112	IMMUNISATION EXPENDITURE	-	0	-	-	0	0	
6114	PREVENTATIVE HEALTH SERVICES EXPENDITURE	5	(1)	4	4	4	10	
6115	OTHER HEALTH SERVICES EXPENDITURE	32	4	6	6	6	4	
6121	SENIOR CITIZENS EXPENDITURE	35	30	33	33	38	40	
6125	CHILDREN AND YOUTH SERVICES EXPENDITURE	13	9	6	6	6	7	
6126	COMMUNITY ASSISTANCE EXPENDITURE	146	174	153	153	145	158	
6129	OTHER COMMUNITY SUPPORT EXPENDITURE	293	312	393	393	410	328	
6131	BUS SHELTER EXPENDITURE	4	3	2	2	2	3	
6132	CEMETERIES/CREMATORIA EXPENDITURE	128	96	106	106	59	31	
6134	PUBLIC CONVENIENCES EXPENDITURE	290	244	266	266	-	284	
6135	CARPARK EXPENDITURE	18	36	19	19	-	124	
6138	OTHER COMMUNITY AMENITIES EXPENDITURE	802	639	663	663	-	221	
8100	CARINYA CEMETERY OPERATING				-	1	572	
8120	CARINYA CEMETERY DEVELOPMENT				-	7	-	
	TOTAL OPERATING EXPENDITURE	1,823	1,565	1,700	1,700	693	1,799	-



### 3.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7560	OTHER COMMUNITY SUPPORT	25	25	50	50	50	120	
7570	BUS SHELTERS	30	1	-	29	29	30	
7580	CEMETERIES	-		-	-	-	-	
7600	PUBLIC CONVENIENCES				-	-	50	
7620	CAR PARKS	10	13	30	30	30	10	
8400	CARINYA CEMETERY				-	(7)	12	
	TOTAL CAPITAL EXPENDITURE	65	39	80	109	102	222	-

### 3.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>COMMUNITY SERVICES REVENUE</b>							
4130	PUBLIC ORDER AND SAFETY REVENUE	2	3	2	2	2	-	
4132	HEALTH SERVICES REVENUE	-	0	-	-	-	0	
4133	COMMUNITY SUPPORT REVENUE	21	28	21	21	21	1	
4134	COMMUNITY AMENITIES REVENUE	99	98	85	85	85	86	
4135	CEMETERY REVENUE	-	7	3	3	7	4	
8000	CARINYA CEMETERY				-	742	731	
	TOTAL OPERATING REVENUE	122	136	111	111	857	823	-



## 4. Function: Cultural

## 4.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
<b>CULTURAL EXPENDITURE</b>								
6200	LIBRARY SERVICES EXPENDITURE	1,955	1,892	1,886	1,886	1,851	1,970	
6202	OTHER LIBRARY SERVICES	16	15	13	13	15	17	
6210	CULTURAL VENUES EXPENDITURE	373	489	241	241	424	392	
6220	HERITAGE EXPENDITURE	451	558	425	425	541	534	
6230	MUSEUMS/ART GALLERY EXPENDITURE	291	267	377	377	396	974	
6240	CULTURAL EVENTS EXPENDITURE	159	180	198	198	129	150	
6250	OTHER CULTURAL SERVICES EXPENDITURE				-	46	37	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>3,245</b>	<b>3,402</b>	<b>3,140</b>	<b>3,140</b>	<b>3,403</b>	<b>4,074</b>	<b>-</b>

## 4.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7470	LIBRARY BOOKS/MATERIALS	130	140	136	136	136	136	
7640	CULTURAL	15	2,063	15	27	27	25	
7650	HERITAGE	65	42	10	10	10	12	
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>210</b>	<b>2,245</b>	<b>161</b>	<b>173</b>	<b>173</b>	<b>173</b>	<b>-</b>



### 4.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>CULTURAL REVENUE</b>							
4140	LIBRARY SERVICES REVENUE	115	226	212	212	212	209	
4142	CULTURAL SERVICES REVENUE	307	169	144	144	144	128	
4143	ART GALLERY		155	200	200	200	140	
	<b>TOTAL OPERATING REVENUE</b>	<b>422</b>	<b>549</b>	<b>556</b>	<b>556</b>	<b>556</b>	<b>476</b>	<b>-</b>

## 5. Function: Economic Development

### 5.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>ECONOMIC DEVELOPMENT EXPENDITURE</b>							
6320	REGIONAL DEVELOPMENT EXPENDITURE	476	595	548	548	493	426	
6350	TOURISM EVENTS EXPENDITURE	664	539	718	718	444	419	
6360	TOURISM - "THE LADY NELSON" EXPENDITURE	920	844	864	864	840	846	
6370	TOURISM GENERAL EXPENDITURE				-	330	336	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,060</b>	<b>1,977</b>	<b>2,130</b>	<b>2,130</b>	<b>2,107</b>	<b>2,027</b>	<b>-</b>





## 5.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7660	TOURISM	-	-	-	90	90	330	
	TOTAL CAPITAL EXPENDITURE	-	-	-	90	90	330	-

## 5.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>ECONOMIC DEVELOPMENT REVENUE</b>							
4151	ECONOMIC - SUNDRY GRANTS/CONTRIBUTIONS	-	-	-				
4152	TOURISM GENERAL REVENUE	-	-	-				
4153	TOURISM - "THE LADY NELSON" REVENUE	310	317	313	313	308	263	
	TOTAL OPERATING REVENUE	310	317	313	313	308	263	-

## 6. Function: Environment

### 6.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000		Draft Budget '000	Adopted Budget '000
	<b>ENVIRONMENT EXPENDITURE</b>							
6410	WASTE MANAGEMENT EXPENDITURE	2,678	3,894	3,768	567	29	30	
6411	GARBAGE COLLECTION		-		620	604	751	
6412	GREENWASTE OPERATIONS		-		328	353	253	



6413	KERBSIDE RECYCLING		-		630	669	1,085	
6414	RE-USE MARKET OPERATIONS		1		-	15	194	
6415	WASTE TRASFER CENTRE OPERATIONS		3		193	246	214	
6416	E-WASTE COLLECTION		0		20	20	22	
6418	CAROLINE LANDFILL OPERATIONS		69		1,400	2,067	2,320	
6419	ORCHARD ROAD WASTE MANAGEMENT		-		10	51	17	
6420	STORMWATER AND DRAINAGE EXPENDITURE	424	259	220	220	211	146	
6430	STREET CLEANING EXPENDITURE	375	337	343	343	320	147	
6440	STREET LIGHTING EXPENDITURE	490	431	525	525	525	535	
6450	STREETSCAPING EXPENDITURE	196	162	195	195	203	212	
6460	ENVIRONMENTAL SUSTAINABILITY	145	159	147	147	145	168	
	TOTAL OPERATING EXPENDITURE	4,308	5,315	5,198	5,198	5,459	6,094	-

## 6.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7665	STREETSCAPING	40	85	-	40	20	40	
7668	ENVIRONMENTAL SUSTAINABILITY	50	-	50	-	-	50	
7670	WASTE MANAGEMENT	735	5,509	1,256	1,401	1,401	1,139	
7800	INFRASTRUCTURE STORMWATER	200	96	80	130	130	85	
	TOTAL CAPITAL EXPENDITURE	1,025	5,690	1,386	1,571	1,551	1,314	-



### 6.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>ENVIRONMENT REVENUE</b>							
4155	ENVIRONMENT REVENUE	-	4	-	-	-	-	
4162	WASTE MANAGEMENT REVENUE	2,142	2,783	2,760	2,760	2,760	3,405	
4163	STORMWATER DRAINAGE		91	50	50	50	50	
4164	ENVIRONMENTAL SUSTAINABILITY		15	-	-	0	-	
	<b>TOTAL OPERATING REVENUE</b>	<b>2,142</b>	<b>2,888</b>	<b>2,810</b>	<b>2,810</b>	<b>2,810</b>	<b>3,455</b>	<b>-</b>

## 7. Function: Recreation

### 7.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>RECREATION EXPENDITURE</b>							
6500	PARKS/GARDENS/RESERVES EXPENDITURE	1,778	1,821	1,731	1,731	2,066	2,614	
6520	SPORTS FACILITIES - INDOOR EXPENDITURE	43	25	20	20	39	24	
6530	SPORTS FACILITIES - OUTDOOR EXPENDITURE	499	437	478	478	717	508	
6550	AQUATIC CENTRE (OUTDOOR) EXPENDITURE	383	422	373	373	388	377	
6560	OTHER RECREATION EXPENDITURE	96	133	96	96	96	100	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,799</b>	<b>2,837</b>	<b>2,698</b>	<b>2,698</b>	<b>3,306</b>	<b>3,623</b>	<b>-</b>



## 7.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7680	PARKS/GARDENS/RESERVES	705	502	345	523	513	670	
7690	SPORTS FACILITIES (INDOOR)	-	-	-				
7700	SPORTS FACILITIES (OUTDOOR)	6	-	26	26	52	130	
7730	AQUATIC CENTRE (OUTDOOR)	89	80	26	26	26	26	
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>800</b>	<b>582</b>	<b>397</b>	<b>575</b>	<b>591</b>	<b>826</b>	<b>-</b>

## 7.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>RECREATION REVENUE</b>							
4170	RECREATION REVENUE	81	73	82	82	82	96	
	<b>TOTAL OPERATING REVENUE</b>	<b>81</b>	<b>73</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>96</b>	<b>-</b>

## 8. Function: Regulatory Services

### 8.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>REGULATORY SERVICES EXPENDITURE</b>							
6600	DOG CONTROL EXPENDITURE	304	299	307	154	166	298	



6620	BUILDING CONTROL EXPENDITURE	315	313	295	295	298	395	
6630	CITY PLANNING EXPENDITURE	373	257	283	283	314	353	
6660	HEALTH INSPECTION EXPENDITURE	185	153	213	213	219	218	
6670	PARKING CONTROL EXPENDITURE	21	14	16	16	17	17	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,198</b>	<b>1,036</b>	<b>1,114</b>	<b>961</b>	<b>1,013</b>	<b>1,281</b>	<b>-</b>

## 8.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000

## 8.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>REGULATORY SERVICES REVENUE</b>							
4180	REGULATORY SERVICES REVENUE	402	389	388	388	388	416	
	<b>TOTAL OPERATING REVENUE</b>	<b>402</b>	<b>389</b>	<b>388</b>	<b>388</b>	<b>388</b>	<b>416</b>	<b>-</b>

## 9. Function: Transport

### 9.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000		Draft Budget '000	Adopted Budget '000
	<b>TRANSPORT EXPENDITURE</b>							



6720	BRIDGES EXPENDITURE	4		4	4	3	4	
6730	FOOTPATHS AND KERBING EXPENDITURE	536		593	593	872	736	
6740	ROADS SEALED EXPENDITURE	2,128		2,635	2,635	1,948	1,920	
6780	TRAFFIC MANAGEMENT EXPENDITURE	160		140	140	80	60	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,828</b>	<b>-</b>	<b>3,372</b>	<b>3,372</b>	<b>2,902</b>	<b>2,720</b>	<b>-</b>

## 9.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7830	FOOTPATHS/KERBING	301	550	848	848	848	860	
7900	ROADS INFRASTRUCTURE	2,590	3,607	2,157	2,736	2,710	2,310	
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,891</b>	<b>4,157</b>	<b>3,005</b>	<b>3,584</b>	<b>3,558</b>	<b>3,170</b>	<b>-</b>

## 9.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>TRANSPORT REVENUE</b>							
4193	ROADS REVENUE	965	807	358	358	358	240	
	<b>TOTAL OPERATING REVENUE</b>	<b>965</b>	<b>807</b>	<b>358</b>	<b>358</b>	<b>358</b>	<b>240</b>	<b>-</b>



## 10. Function: City Infrastructure

## 10.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>CITY INFRASTRUCTURE EXPENDITURE</b>							
6800	ENGINEERING DEPARTMENT EXPENDITURE	740	795	992	992	781	1,166	
6810	ASSET MANAGEMENT	61	27	-	-	-	30	
6820	ENGINEERING - AWU EMPLOYEES EXPENDITURE	1,138	1,209	1,209	1,174	1,004	1,376	
6830	INDIRECT EXPENDITURE	528	510	480	480	552	720	
6840	INDIRECT EXPENDITURE - LABOUR ONCOSTS	(1,158)	(1,132)	(1,250)	-	(1,250)	(1,540)	
6850	PLANT AND MACHINERY EXPENDITURE	1,607	1,577	1,671	1,671	1,665	1,469	
6860	PLANT AND MACHINERY - INTERNAL HIRE	(1,654)	(1,757)	(1,850)	(1,850)	(1,850)	(1,625)	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,262</b>	<b>1,230</b>	<b>1,252</b>	<b>2,467</b>	<b>902</b>	<b>1,596</b>	<b>-</b>

## 10.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7740	WORKS DEPOT	38	31	15	20	20	40	
7300	VEHICLE FLEET	1,567	219	1,369	231	231	254	
7320	TRUCKS			-	596	596	822	
7360	ROLLERS			-	160	160	-	



7390	TRACTORS			-	50	50	-	
7400	MAJOR PLANT		155	-	319	319	482	
7450	MINOR PLANT		-	-	13	13	40	
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,605</b>	<b>406</b>	<b>1,384</b>	<b>1,389</b>	<b>1,389</b>	<b>1,638</b>	<b>-</b>

### 10.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Budget '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000

## 11. Function: Unclassified

### 11.1 Type: Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>UNCLASSIFIED ACTIVITIES EXPENDITURE</b>							
6900	PRIVATE WORKS EXPENDITURE	40	24	40	40	39	22	
6940	SUNDRY EXPENDITURE	373	240	291	291	298	198	
6960	FINANCE CHARGES EXPENDITURE	472	202	322	322	325	156	
	<b>TOTAL OPERATING EXPENDITURE</b>	<b>885</b>	<b>465</b>	<b>653</b>	<b>653</b>	<b>662</b>	<b>375</b>	<b>-</b>





## 11.2 Type: Capital Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
7750	UNCLASSIFIED							
	TOTAL CAPITAL EXPENDITURE							

## 11.3 Type: Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>UNCLASSIFIED ACTIVITIES REVENUE</b>							
4210	PRIVATE WORKS REVENUE	67	105	60	60	60	60	
4230	SUNDRY REVENUE	180	1,803	205	205	383	329	
4240	INVESTMENT REVENUE	11	25	15	15	41	48	
	TOTAL OPERATING REVENUE	258	1,933	280	280	484	437	-

## 12. Function: Non Operating

### 12.1 Type: Non-Operating Expenditure

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>NON OPERATING EXPENDITURE</b>							
7000	COMMUNITY LOANS EXPENDITURE	-		-				
7020	LOAN REPAYMENTS EXPENDITURE	680		690				



7031	APPROPRIATION TO RESERVES - GENERAL	-		-				
	TOTAL NON OPERATING EXPENDITURE	680	-	690	-	-	-	-

## 12.2 Type: Non-Operating Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>NON OPERATING REVENUE</b>							
4250	LOAN FUNDS REVENUE	-		-				
4260	LOAN REPAYMENT REVENUE	8	40	-	-	-	-	
4270	APPROPRIATION FROM RESERVES	250	2,780	265	265	-	-	
	TOTAL NON OPERATING REVENUE	258	2,820	265	265	-	-	-

## 13. Function: Capital

### 13.1 Type: Capital Revenue

Acct	Details	2016/2017		2017/2018			2018/2019	
		Adopted Budget '000	Final Actual '000	Draft Budget '000	Adopted Budget '000	BR2 31/12/2017 '000	Draft Budget '000	Adopted Budget '000
	<b>CAPITAL</b>							
4300	DISPOSAL OF ASSETS	309		274				
4480	DISPOSAL OF LAND	-		-				
4500	GRANT FUNDING	130	2,189	295	295	295	-	
4280	REVENUE - OTHER SOURCES	6,665	(35,619)	6,815	274	97	399	
	TOTAL NON OPERATING EXPENDITURE	7,104	(33,430)	7,384	569	392	399	-



**APPENDIX B**

**2018/2019 BUDGETED FINANCIAL STATEMENTS**

DRAFT

**CITY OF MOUNT GAMBIER**

**PROFORMA STATEMENT OF COMPREHENSIVE INCOME**  
**Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017**

	Notes	FY Budget 2019 \$'000	FY BR2 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
<b>INCOME</b>					
Rates	2	21,468	20,569	20,548	19,672
Statutory charges	2	457	423	423	422
User charges	2	4,893	4,282	3,554	4,514
Grants, subsidies and contributions	2	3,321	2,010	3,162	4,858
Investment income	2	48	48	15	36
Reimbursements	2	139	142	105	196
Other income	2	263	463	271	650
<b>Total Income</b>		<u>30,588</u>	<u>27,937</u>	<u>28,078</u>	<u>30,348</u>
<b>EXPENSES</b>					
Employee costs	3	11,574	11,067	10,917	10,037
Materials, contracts & other expenses	3	11,498	10,570	9,883	10,862
Depreciation, amortisation & impairment	3	7,008	6,964	6,630	7,331
Finance costs	3	157	325	325	269
<b>Total Expenses</b>		<u>30,237</u>	<u>28,926</u>	<u>27,755</u>	<u>28,498</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>351</b>	<b>(990)</b>	<b>323</b>	<b>1,850</b>
Asset disposal & fair value adjustments	4	-	6	10	48
Amounts received specifically for new or upgraded assets	2	-	295	295	2,189
Physical resources received free of charge	2	-	-	-	1,212
<b>NET SURPLUS / (DEFICIT)</b>		<u>351</u>	<u>(689)</u>	<u>628</u>	<u>5,299</u>
transferred to Equity Statement					
<b>Other Comprehensive Income</b>					
<i>Amounts which will not be reclassified subsequently to operating result</i>					
Changes in revaluation surplus - infrastructure, property, plant & equipment	9				(13,457)
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,457)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>351</u>	<u>(689)</u>	<u>628</u>	<u>(8,158)</u>
Share of Net Surplus / (Deficit)					
Council		351	(689)	628	5,299
Minority Interest					
		<u>351</u>	<u>(689)</u>	<u>628</u>	<u>5,299</u>
Share of Other Comprehensive Income					
Council		-	-	-	(13,457)
Minority Interest		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,457)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>351</u>	<u>(689)</u>	<u>628</u>	<u>(8,158)</u>

**CITY OF MOUNT GAMBIER**

**PROFORMA STATEMENT OF FINANCIAL POSITION**  
**Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017**

	Notes	FY Budget 2019 \$'000	FY BR2 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	1,672	2,240	246	3,028
Trade & other receivables	5	1,366	1,366	1,158	1,366
Other financial assets	5	-	-	-	-
Inventories	5	32	32	39	32
		<u>3,070</u>	<u>3,638</u>	<u>1,443</u>	<u>4,426</u>
Non-current Assets held for Sale	20	-	-	-	-
<b>Total Current Assets</b>		<u>3,070</u>	<u>3,638</u>	<u>1,443</u>	<u>4,426</u>
<b>Non-current Assets</b>					
Financial assets	6	35	35	28	35
Equity accounted investments in Council businesses	6	-	-	-	-
Investment property	7	-	-	-	-
Infrastructure, property, plant & equipment	7	228,849	228,149	239,007	228,256
Other non-current assets	6	-	-	-	-
<b>Total Non-current Assets</b>		<u>228,884</u>	<u>228,184</u>	<u>239,035</u>	<u>228,291</u>
<b>Total Assets</b>		<u>231,954</u>	<u>231,822</u>	<u>240,478</u>	<u>232,717</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade & other payables	8	2,962	2,962	2,092	2,962
Borrowings	8	206	206	2,405	206
Provisions	8	3,288	3,288	2,435	3,288
Other current liabilities	8	-	-	-	-
		<u>6,456</u>	<u>6,456</u>	<u>6,932</u>	<u>6,456</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-	-	-
<b>Total Current Liabilities</b>		<u>6,456</u>	<u>6,456</u>	<u>6,932</u>	<u>6,456</u>
<b>Non-current Liabilities</b>					
Trade & Other Payables	8	-	-	-	-
Borrowings	8	2,366	2,584	2,778	2,790
Provisions	8	3,599	3,599	209	3,599
Liability - Equity accounted Council businesses	8	-	-	-	-
Other Non-current Liabilities	8	-	-	-	-
<b>Total Non-current Liabilities</b>		<u>5,965</u>	<u>6,183</u>	<u>2,987</u>	<u>6,390</u>
<b>Total Liabilities</b>		<u>12,421</u>	<u>12,639</u>	<u>9,919</u>	<u>12,845</u>
<b>NET ASSETS</b>		<u>219,534</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>
<b>EQUITY</b>					
Accumulated Surplus		55,521	55,170	60,366	55,859
Asset Revaluation Reserves	9	160,983	160,983	168,966	160,983
Available for sale Financial Assets	9	-	-	-	-
Other Reserves	9	3,030	3,030	1,227	3,030
<b>Total Council Equity</b>		<u>219,534</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>
Minority Interest		-	-	-	-
<b>TOTAL EQUITY</b>		<u>219,534</u>	<u>219,183</u>	<u>230,559</u>	<u>219,872</u>

## CITY OF MOUNT GAMBIER

### PROFORMA STATEMENT OF CHANGES IN EQUITY Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017

		Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
<b>2019</b>	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		55,184	160,969	-	3,030	219,183
<b>Net Surplus / (Deficit) for Year</b>		351				351
<b>Other Comprehensive Income</b>						
Transfers between reserves		-			-	-
<b>Balance at end of period</b>		55,535	160,969	-	3,030	219,534
<b>2018</b>	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		55,873	160,969	-	3,030	219,872
<b>Net Surplus / (Deficit) for Year</b>		(689)				(689)
<b>Other Comprehensive Income</b>						
Transfers between reserves		-			-	-
<b>Balance at end of period</b>		55,184	160,969	-	3,030	219,183
<b>2017</b>	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		54,680	168,966	-	4,382	228,028
<b>Net Surplus / (Deficit) for Year</b>		5,299				5,299
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment			(13,457)			(13,457)
Other equity adjustments		(5,458)	5,460			2
Transfers between reserves		1,352			(1,352)	-
<b>Balance at end of period</b>		55,873	160,969	-	3,030	219,872

**CITY OF MOUNT GAMBIER**

**STATEMENT OF CASH FLOWS**

**Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017**

	Notes	FY Budget 2019 \$'000	FY BR2 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<u>Receipts</u>					
Rates - general & other		21,468	20,569	19,481	19,682
Fees & other charges		457	423	388	454
User charges		4,893	4,282	3,637	4,752
Investment receipts		48	48	15	33
Grants utilised for operating purposes		3,321	2,010	3,052	5,222
Reimbursements		139	142	155	216
Other revenues		263	463	-	4,034
<u>Payments</u>					
Employee costs		(12,853)	(12,007)	(10,298)	(10,692)
Materials, contracts & other expenses		(10,219)	(9,630)	(9,440)	(13,711)
Finance payments		(157)	(325)	(322)	(201)
<b>Net Cash provided by (or used in) Operating Activities</b>		<u>7,359</u>	<u>5,975</u>	<u>6,668</u>	<u>9,789</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<u>Receipts</u>					
Amounts specifically for new or upgraded assets		-	295	295	2,189
Sale of replaced assets		399	103	569	407
Sale of surplus assets		-	-	-	105
Sale of investment property		-	-	-	-
Net disposal of investment securities		-	-	-	-
Sale of real estate developments		-	-	-	-
Repayments of loans by community groups		-	-	-	40
Distributions received from equity accounted Council businesses		-	-	-	-
<u>Payments</u>					
Expenditure on renewal/replacement of assets		(5,013)	(4,247)	(4,273)	(3,253)
Expenditure on new/upgraded assets		(3,094)	(2,707)	(2,610)	(6,322)
Purchase of investment property		-	-	-	-
Net purchase of investment securities		-	-	-	-
Development of real estate for sale		-	-	-	-
Loans made to community groups		-	-	-	-
Capital contributed to equity accounted Council businesses		-	-	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(7,708)</u>	<u>(6,557)</u>	<u>(6,019)</u>	<u>(6,834)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<u>Receipts</u>					
Proceeds from borrowings		-	-	-	-
Proceeds from aged care facility deposits		-	-	-	-
<u>Payments</u>					
Repayments of borrowings		(218)	(206)	(425)	(874)
Repayment of finance lease liabilities		-	-	-	-
Repayment of aged care facility deposits		-	-	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(218)</u>	<u>(206)</u>	<u>(425)</u>	<u>(874)</u>
<b>Net Increase (Decrease) in cash held</b>		<u>(568)</u>	<u>(788)</u>	<u>224</u>	<u>2,081</u>
Cash & cash equivalents at beginning of period	10	<u>2,239</u>	<u>3,028</u>	<u>22</u>	<u>947</u>
<b>Cash &amp; cash equivalents at end of period</b>	10	<u>1,672</u>	<u>2,239</u>	<u>246</u>	<u>3,028</u>

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

# CITY OF MOUNT GAMBIER

## PROFORMA NOTES

**Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017**

### 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.

	FY Budget 2019 \$'000	FY BR2 - 2018 \$'000	FY Budget 2018 \$'000	2017 \$'000
Income	30,588	27,937	28,078	30,348
less Expenses	<u>30,237</u>	<u>28,926</u>	<u>27,755</u>	<u>28,498</u>
<b>Operating Surplus / (Deficit)</b>	<b>351</b>	<b>(990)</b>	<b>323</b>	<b>1,850</b>
<i>less Net Outlays on Existing Assets</i>				
Capital Expenditure on renewal and replacement of Existing Assets	5,013	4,247	4,273	3,253
Depreciation, Amortisation and Impairment	(7,008)	(6,964)	(6,630)	(7,331)
Proceeds from Sale of Replaced Assets	<u>(399)</u>	<u>(103)</u>	<u>(569)</u>	<u>(407)</u>
	(2,394)	(2,820)	(2,926)	(4,485)
<i>less Net Outlays on New and Upgraded Assets</i>				
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	3,094	2,707	2,610	6,322
Amounts received specifically for New and Upgraded Assets	-	(295)	(295)	(2,189)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-	-	(105)
	<u>3,094</u>	<u>2,412</u>	<u>2,315</u>	<u>4,028</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(349)</b>	<b>(582)</b>	<b>934</b>	<b>2,306</b>



## CITY OF MOUNT GAMBIER

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Budget FY2019, Budget Review 2 FY2018, Budget FY2018 and Actual FY2017

#### Note 13 - FINANCIAL INDICATORS

	FY Budget 2019	FY BR2 - 2018	2017
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These Financial Indicators have been calculated in accordance with Information Paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

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

**Operating Surplus Ratio**

<u>Operating Surplus</u>	1.1%	(3.5%)	6.1%
Total Operating Revenue			

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

**Adjusted Operating Surplus Ratio**

	1.1%	(8.0%)	2.0%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.*

**Net Financial Liabilities Ratio**

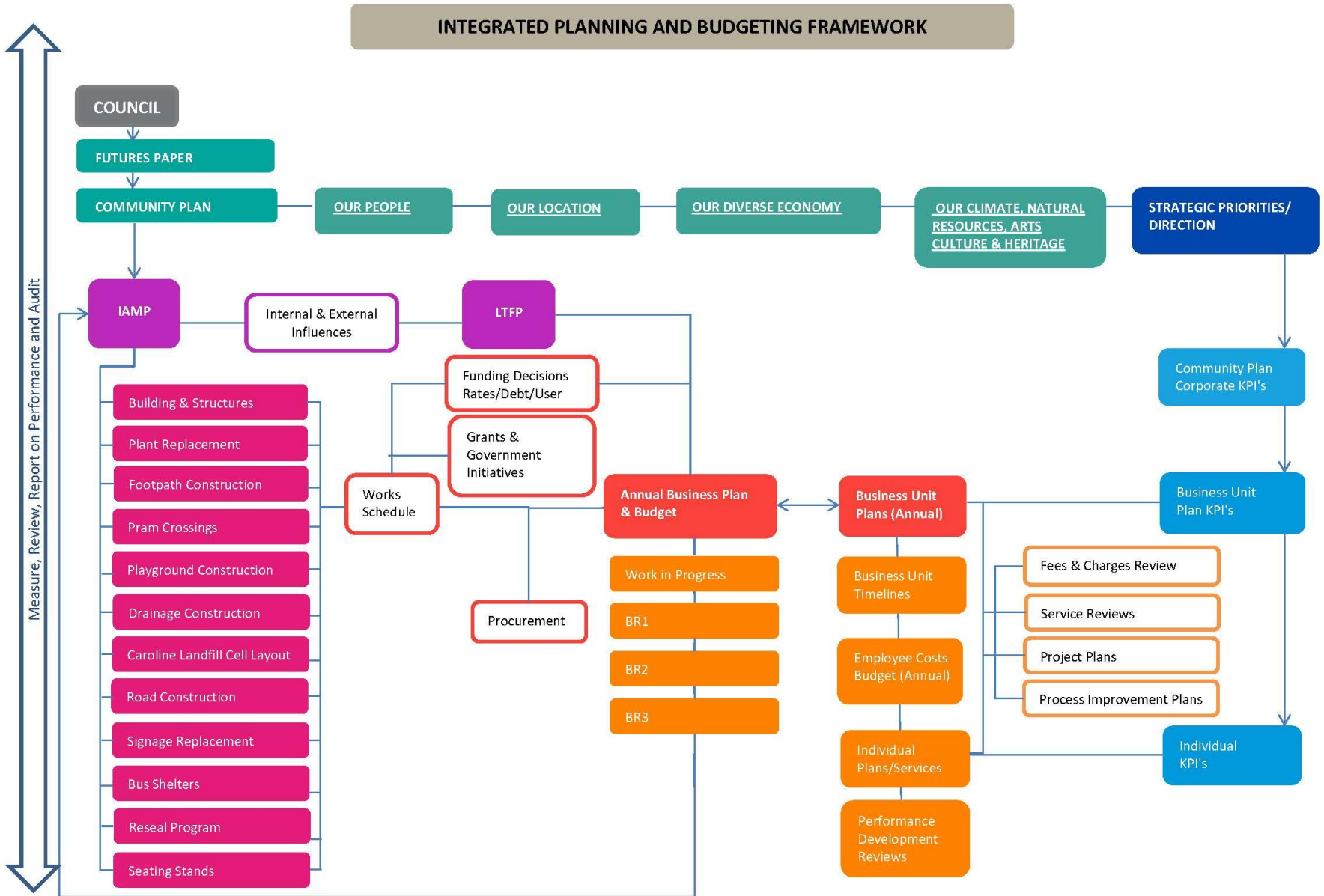
<u>Net Financial Liabilities</u>	40%	45%	28%
Total Operating Revenue			

*Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a*

**Asset Sustainability Ratio**

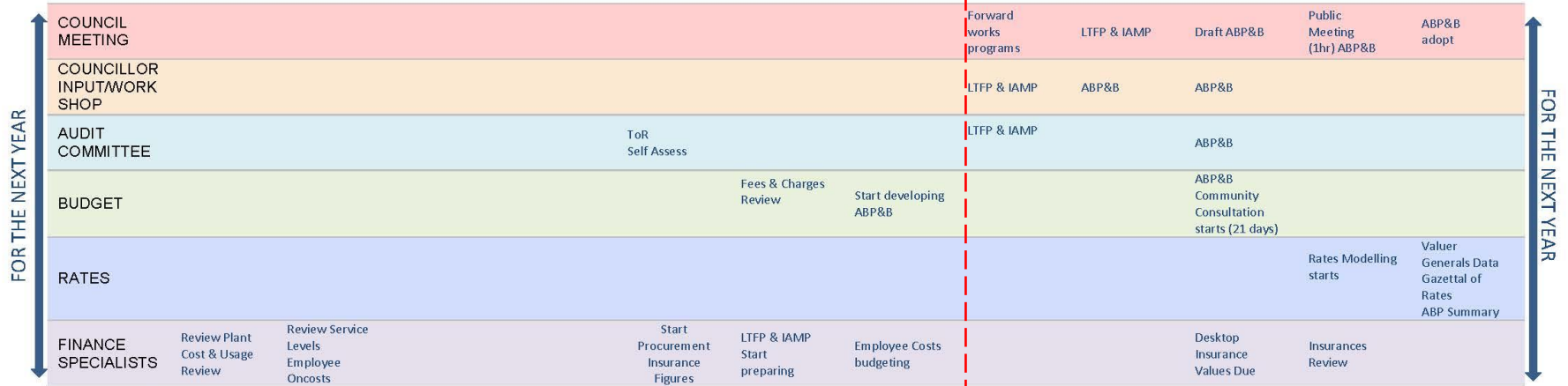
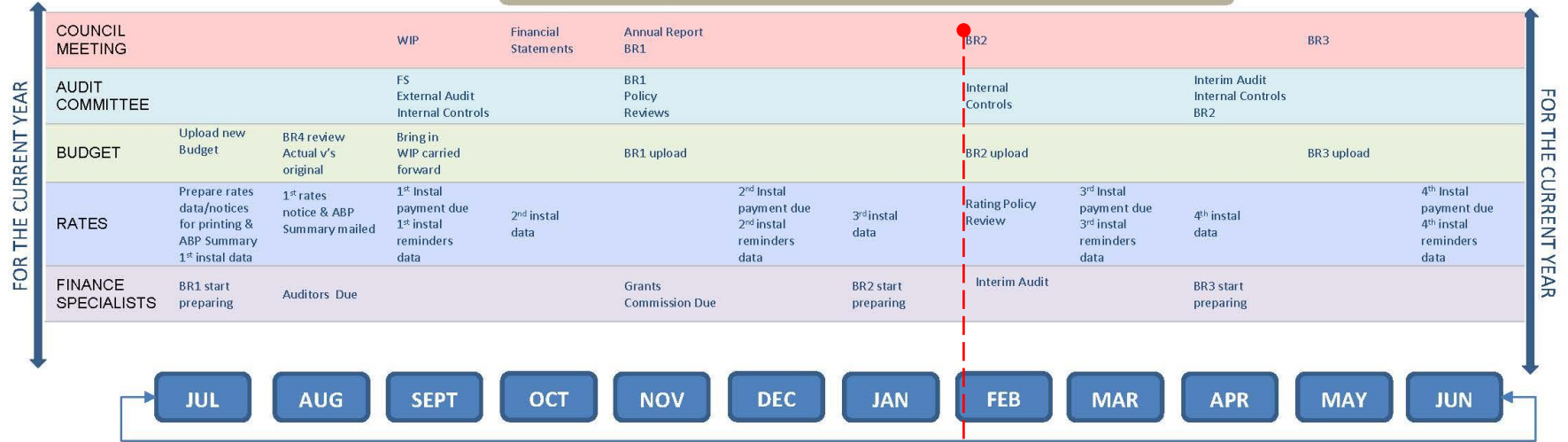
<u>Net Asset Renewals</u>	74%	74%	62%
Infrastructure & Asset Management Plan required expenditure			

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement. Amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*





## INTEGRATED PLANNING AND BUDGET FRAMEWORK TIMELINE



**ABBREVIATIONS**

ABP	-	Annual Business Plan	Instal	-	Instalment
ABP&B	-	Annual Business Plan and Budget	LTFP	-	Long Term Financial Plan
BR	-	Budget Revision	ToR	-	Terms of Reference
FS	-	Financial Statements	WIP	-	Work in Progress
IAMP	-	Infrastructure Asset Management Plan			

We are here