

TO: JEROEN ZWIJNENBURG (PRESIDING MEMBER)
DONALD CURRIE
CR SONYA MEZINEC
MAYOR LEE (EX OFFICIO)
CHIEF EXECUTIVE OFFICER
DIRECTOR - CORPORATE SERVICES
FINANCE MANAGER
SIMON SMITH, PARTNER, GALPINS

CC: ALL MEMBERS
DIRECTOR - OPERATIONAL SERVICES
MANAGER GOVERNANCE AND PROPERTY
HUMAN RESOURCES MANAGER
TEAM LEADER FINANCE

NOTICE is hereby given that the Audit Committee will meet in the following Meeting Room on the day, date and time as follows:

Audit Committee
(Committee Room, Level 4)

Tuesday, 13th October, 2015 at 5.30 p.m.

An agenda for the meeting is enclosed herewith.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

8th October, 2015
MJT/FM

AUDIT COMMITTEE

Meeting to be held on Tuesday, 13th October 2015 at 5.30 p.m.
in the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier

AGENDA

PRESENT: Mr Jeroen Zwijnenburg (Presiding Member)
Mr Donald Currie
Cr Sonya Meziniec

APOLOGY/IES:

COUNCIL MEMBERS/
OTHERS AS
OBSERVERS:

GUESTS: Mr Simon Smith, Auditor, Galpins

COUNCIL EMPLOYEES
IN ATTENDANCE: Mr Grant Humphries, Director - Corporate Services
Mr Mark McShane, Chief Executive Officer
Mr Gary Button, Finance Manager

OTHER APOLOGIES:

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.

MINUTES: moved the minutes of the previous meeting held on Tuesday, 28th July, 2015 be taken as read and confirmed.
seconded

QUESTIONS:

- (a) With Notice – Nil received
- (b) Without Notice –

1. REPORTS FOR INFORMATION

The Director - Corporate Services reported that the following Council Reports were provided to the Audit Committee for information:

- 1.1 CCS Report No. 61/2015 - Budget Update as at 30th June, 2015
- 1.2 CCS Report No. 62/2015 - Interim Budget Update (Introduction of Work in Progress Allocations)

RECOMMENDATION NO. 1

moved it be recommended that the above reports be received.
seconded

2. EXTERNAL AUDITOR - INTERIM AUDIT 2015 - Ref. AF12/227

The Director - Corporate Services reported:

- (a) the 2014/2015 Interim Audit Management letter was an agenda item in July 2015 Audit Committee where it was resolved:

"(a) the report be received;

(b) the identified 2014/2015 Audit Committee recommendations continue to be monitored by the Audit Committee;

(c) Council provide a suitable response to the Internal Audit findings."

- (b) in respect of (b) and (c) above a copy of both the Interim Audit Committee findings and management response is provided for the Committee's reference.

Interim Audit	Finding	Status
2014/2015	1. Leave Policies	Completed
	2. Risk Management	Priority
	3. Lady Nelson Stock Control	To be completed

RECOMMENDATION NO. 2

moved it be recommended:

- (a) the report be received;
- (b) the Audit findings continue to be monitored by the Audit Committee.

seconded

3. EXTERNAL AUDITOR – END OF YEAR REPORT - Ref. AF12/227

The Director - Corporate Services reported:

- (a) following the recent annual end of year (or statutory) audit, Council has now received the subsequent Audit Management letter;

RECOMMENDATION NO. 3

moved it be recommended

- (a) the letter be received and contents noted;
- (b) the Audit findings and recommendations be referred to the Council administration for attention and to the Audit Committee for ongoing monitoring;
- (c) Councils External Auditor be advised of this course of action.

seconded

4. AUDIT WORK PROGRAM 2014 - 2018 - Ref. AF11/863

The Director - Corporate Services reported:

- (a) the Audit Committee should continually review the Audit Work Program to establish whether any adjustments are required to be introduced for the particular financial years activities;
- (b) the Audit Work Program 2014-2018 was last reviewed and adopted in August 2015;
- (c) the following activities and associated timelines (extracted from the Audit Work Program) are provided in abbreviated form, for the Committees reference and review:

FIRST QUARTER

- Work Plan
- Treasury Management Reviews
- Asset Reviews/Revaluation Strategy
- Policy reviews incorporating;
 - Internal Controls
 - Fraud and Corruption Framework
 - Whistleblowing
 - Risk Management
 - Budget Performance

SECOND QUARTER

- Interim External Audit
- Work Plan
- Business Continuity
- Business Plan and Budget

THIRD QUARTER

- Work Plan
- Annual Report to Council incorporating;
 - Self Assessment
 - Review of Work Plan
 - Review of Terms of Reference

FOURTH QUARTER

- Work Plan
- Statutory External Audit(Inc. Fin. Int. Controls)
- AFS authorisation by Presiding Member
- Council Annual Report Compliance

RECOMMENDATION NO.4

moved it be recommended the report be received.

seconded

5. ADOPTION OF AUDITED FINANCIAL STATEMENTS - Ref. AF12/227

The Director – Corporate Services reported:

1. Annual Financial Statements

- (a) Section 126 (4)(a) of the Local Government Act 1999 requires the City of Mount Gambier's Audit Committee to review the Annual Financial Statements for the year ended 30th June, 2015. A further requirement is that the Chief Executive Officer and the Presiding Member of the City of Mount Gambier's Audit Committee certify the independence of Council's Auditor, Galpins;

Audit Committee Agenda, Tuesday 13th October, 2015 cont'd...

- (b) the City of Mount Gambier's Annual Financial Statements for 2014/2015 have been prepared in accordance with the Local Government Act, the Local Government (Financial Management) Regulations 2011, the Australian Accounting Standards and the Model Financial Statements;
- (c) the City of Mount Gambier's Audit Committee is required to review the Annual Financial Statements to ensure they present fairly the state of affairs of Council, after which time the Annual Financial Statements can be certified and formally adopted by Council;
- (d) An analysis of the Annual Financial Statements and results for the year will be presented to Council in October, and a copy of that report is attached to this report for the Audit Committee's reference and review.

2. Independence of Council Auditor

- (a) Regulation 22 of the Local Government (Financial Management) Regulations 2011 provide in clauses (3) (a) and (4) that:
 - (3) *the following persons must each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the Council, Council subsidiary or regional subsidiary (as the case may be):*
 - (a) *In a case involving a Council or Council subsidiary - the Chief Executive Officer of the relevant Council and the Presiding Member of the Audit Committee of the relevant body;*
 - (4) *A statement under sub-delegation (3) must accompany the financial statements for the relevant body;*
- (b) As the City of Mount Gambier has not engaged its Auditor, Galpins, to provide any services outside the scope of their function as auditor for the 2014/2015 financial year, it is recommended that the Chief Executive Officer and the Presiding Member of the Audit Committee co-sign the following statement:

'To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Mount Gambier for the year ended 30th June 2015, the Council's Auditor, Galpins, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.'

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

RECOMMENDATION NO. 5

moved it be recommended:

- (a) the report be received;
- (b) In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2015 and is satisfied they present fairly the state of affairs of Council;

Audit Committee Agenda, Tuesday 13th October, 2015 cont'd...

- (c) The Chief Executive Officer and Presiding Member of the City of Mount Gambier Audit Committee sign the statement to certify the independence of the Council Auditor, Galpins.

seconded

6. COUNCIL ANNUAL REPORT

The Director – Corporate Services reported:

- (a) Council is required, under Section 127 of the Local Government Act 1999, to publish an annual report. The report must be provided to the Presiding Member of both Houses of Parliament by 30 November each year. The report provides information reflecting the City's operational and financial activities for the previous year. It also includes information relating to the operation of the City's Audit Committee.
- (b) The Annual Report is a vehicle for the publication of the City's end of year financial statements. These statements, reflecting the City's financial operation for the year, are also included in the Annual Report.
- (c) The operations of the Audit Committee of Council, along with other operational material, are outlined in the Annual Report which is currently being prepared for adoption by the Council. An extract from the Report of the proposed entries relating to Audit Committee activity during the 2014/15 financial year is attached for information/review.

RECOMMENDATION NO. 6

moved it be recommended:

- (a) the report be received;
- (b) the draft Audit Committee, Annual Report entry be endorsed.

seconded

7. S A GRANTS COMMISSION - COMPARATIVE REPORTS - Ref. AF13/458

The Director Corporate Services reported:

- (a) each financial year the S A Local Government Grants Commission prepares a range data sets from each Council's audited annual financial statements;
- (b) the reports for 2013/2014 have recently been received and have been arranged in two reporting formats:
- in comparative format
 - in time series format

RECOMMENDATION NO. 7

moved it be recommended that the S A Grants Commission database reports for 2013/2014 be received for information.

seconded

Audit Committee Agenda, Tuesday 13th October, 2015 cont'd...

8. **NEXT MEETINGS** (for confirmation)

- Tuesday, 22nd March, 2016
- Tuesday, 31st May, 2016
- Tuesday, 2nd August, 2016
- Tuesday, 4th October, 2016

The meeting closed at _____ p.m.

25th August, 2015
MJT

CORPORATE AND COMMUNITY SERVICES REPORT NO. 61/2015

SUBJECT: BUDGET UPDATE AS AT 30TH JUNE, 2015

REF: AF13/457

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

Following the introduction of the Local Government (Financial Management) Regulations 2011, Council completed a review of its Budget reporting processes (Corporate and Community Services Report No. 30/2012 - Monitoring Council's Budget Performance) resulting in the adoption of the new Policy B300 - Budget Reporting and Amendment.

The objective of the Budget Reporting and Amendment Policy is to provide management with a framework to operate in regard to the following:

- The content, timing and process to be followed for reporting to Council on its performance against budget;
- The scope and conditions associated with the Chief Executive Officer approving variations in activity (that are within the scope of the approved budget allocations);
- The process required to be followed as well as general guidelines in relation to the carrying forward of expenditure authority associated with projects included in the budget for the previous year.

The Policy provides for a Budget Update report to be prepared and included in the agenda of the Ordinary Meeting of Council's Corporate and Community Services Committee in the months of November and March (as a minimum). The report will highlight at summary level budget activity for the year to date, original and revised budget information, and include the latest revised forecast of expected budget results for the year.

In addition to the Budget reporting regime required above, a further Budget Update as at 30th June, 2015 has been prepared on the financial year activities and is now recommended for adoption.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 61/2015 be received;
- (b) the Budget Update as at 30th June, 2015 as presented with this Report be adopted by Council with all amendments to be made to the 2014/2015 Council Budget.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER



BUDGET UPDATE: BR5 SEPTEMBER 2015 AS AT 30TH JUNE, 2015

- 1. HIGH LEVEL SUMMARY BY FUNCTION (PAGES 1 - 13)**
- 2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGES 14 - 20)**
- 3. SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGE 21)**
- 4. BR5 COMMENTARY (PAGE 22 - 23)**
- 5. UNIFORM PRESENTATION OF FINANCES (PAGES 24-31)**

HIGH LEVEL SUMMARY BY FUNCTION

1. ADMINISTRATION

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6000 - 6002)	1,728	1,723	1,717	1,705	(6)	1,717
OPERATING REVENUE (4100 - 4120)	19,480	19,660	20,992	20,998	1,332	20,992
NET OPERATING - SURPLUS / (DEFICIT)	17,752	17,937	17,275	19,293	1,338	19,275
CAPITAL EXPENDITURE (7500)	120	240	240	0	0	240
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(120)	(240)	(240)	0	0	(240)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

2. SUPPORT SERVICES

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6010)	3,223	3,228	3,199	3,115	(29)	3,199
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(3,223)	(3,228)	(3,199)	(3,115)	29	(3,199)
CAPITAL EXPENDITURE (7460)	110	138	138	140	0	138
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(110)	(138)	(138)	(140)	0	(138)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

3. COMMUNITY

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6100)	1,612	1,664	1,718	1,710	54	1,718
OPERATING REVENUE (4130)	114	143	151	148	8	151
NET OPERATING - SURPLUS / (DEFICIT)	(1,498)	(1,521)	(1,567)	(1,562)	(46)	(1,567)
CAPITAL EXPENDITURE (7560, 7570, 7620)	126	126	126	90	0	126
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(126)	(126)	(126)	(90)	0	(126)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

4. CULTURAL

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6200)	2,982	2,982	2,915	2,903	(67)	2,915
OPERATING REVENUE (4140 - 4142)	388	405	420	425	15	420
NET OPERATING - SURPLUS / (DEFICIT)	(2,594)	(2,577)	(2,495)	(2,478)	82	(2,495)
CAPITAL EXPENDITURE (7470, 7630, 7640, 7650)	213	321	321	297	0	321
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(213)	(321)	(321)	(297)	0	(321)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

5. ECONOMIC

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6300)	1,487	1,685	1,643	1,592	(42)	1,643
OPERATING REVENUE (4153)	384	407	407	407	0	407
NET OPERATING - SURPLUS / (DEFICIT)	(1,103)	(1,278)	(1,236)	(185)	42	(1,236)
CAPITAL EXPENDITURE (7660)	8	3	3	3	0	3
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(8)	(3)	(3)	(3)	0	(3)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

6. ENVIRONMENT

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6400)	3,717	4,045	4,069	4,070	24	4,069
OPERATING REVENUE (4162)	1,736	2,013	2,050	2,056	37	2,050
NET OPERATING - SURPLUS / (DEFICIT)	(1,981)	(2,032)	(2,019)	(2,014)	13	(2,019)
CAPITAL EXPENDITURE (7670, 7665, 7800)	251	1,336	1,333	717	(3)	1,333
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(251)	(1,336)	(1,333)	(717)	3	(1,333)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

7. RECREATIONAL

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6500)	2,573	2,561	2,542	2,544	(19)	2,542
OPERATING REVENUE (4170)	68	82	90	91	8	90
NET OPERATING - SURPLUS / (DEFICIT)	(2,505)	(2,479)	(2,452)	(2,453)	27	(2,452)
CAPITAL EXPENDITURE (7680, 7690, 7700, 7730)	3,360	4,338	4,372	3,420	34	4,372
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(3,360)	(4,338)	(4,372)	(3,420)	(34)	(4,372)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

8. REGULATORY

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6600)	1,117	1,128	1,175	1,162	47	1,175
OPERATING REVENUE (4180)	418	438	449	452	11	449
NET OPERATING - SURPLUS / (DEFICIT)	(699)	(690)	(726)	(710)	(36)	(726)
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

9. TRANSPORT

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6700)	2,697	2,650	2,710	2,704	60	2,710
OPERATING REVENUE (4192, 4193)	316	304	316	315	12	316
NET OPERATING - SURPLUS / (DEFICIT)	(2,381)	(2,346)	(2,394)	(2,389)	(48)	(2,394)
CAPITAL EXPENDITURE (7300, 7400, 7450, 7830, 7900))	4,233	5,655	5,618	4,546	(37)	5,618
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(4,233)	(5,655)	(5,618)	(4,546)	37	(5,618)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

10. ENGINEERING/INDIRECT

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6800)	1,065	1,229	1,485	1,367	256	1,485
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(1,065)	(1,229)	(1,485)	(1,367)	(256)	(1,485)
CAPITAL EXPENDITURE (7740)	12	12	12	14	0	12
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(12)	(12)	(12)	(14)	0	(12)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

11. UNCLASSIFIED

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6900)	960	994	740	800	(254)	740
OPERATING REVENUE (4210, 4230, 4240)	213	444	452	760	8	452
NET OPERATING - SURPLUS / (DEFICIT)	(747)	(550)	(288)	(40)	262	(288)
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

12. NON - OPERATING

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE						
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)						
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE (7000)	726	716	1,001	243	285	1,001
NON OPERATING REVENUE (4250, 4260, 4270, 4280, 4300, 4500)	9,118	13,101	13,357	11,356	256	13,357
NET NON OPERATING - SURPLUS / (DEFICIT)	8,392	12,385	12,356	11,113	(29)	12,356

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

13. SUMMARY

	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE	23,161	23,889	23,913	23,672	24	23,913
OPERATING REVENUE	23,117	23,896	25,327	25,652	1,431	25,327
NET OPERATING BUDGET SURPLUS/(DEFICIT)	(44)	7	1,414	1,980	1,407	1,414
CAPITAL EXPENDITURE	8,433	12,169	12,163	9,227	(6)	12,163
CAPITAL REVENUE	0	0	0	0	0	0
NET CAPITAL - SURPLUS / (DEFICIT)	(8,433)	(12,169)	(12,163)	(9,227)	6	(12,163)
NON OPERATING EXPENDITURE	726	716	1,001	243	285	1,001
NON OPERATING REVENUE	9,118	13,101	13,357	11,356	256	13,357
NET CASH BUDGET SURPLUS/(DEFICIT)	8,392	12,385	12,356	11,113	(29)	12,356
TOTALS SURPLUS/(DEFICIT)	(85)	223	1,607	3,866	1,384	1,607

2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
2.1	OPERATING REVENUE						
	ADMINISTRATION						
4112.0022	RATES REMITTED - RATE REBATES	(180)	(180)	(166)	(166)	14	(166)
4120.0201	GENERAL PURPOSE - GRANTS COMMISSION - FAG'S	2,038	2,028	3,299	3,299	1,091	3,299
4120.0202	GENERAL PURPOSE - GRANTS COMMISSION - LOCAL ROADS	376	386	613	613	227	613
						1,332	
	COMMUNITY SERVICES						
4133.0337	LIFELONG LEARNING - TERTIARY EDUCATION GRANTS	18	18	26	26	8	26
						8	
	CULTURAL						
4142.0421	CITY HALL / INSTITUTE HIRE	45	45	64	64	19	64
4142.0425	HERITAGE PROPERTIES - RENTALS/LEASES/HIRES	20	20	25	25	5	25
4142.0426	TOWN HALL RENTAL	65	65	56	56	(9)	56
						15	
	ENVIRONMENTAL						
4162.0621	WASTE MANAGEMENT - SALE OF BINS	30	30	18	18	(12)	18
4162.0626	WASTE MANAGEMENT - LANDFILL FEES	1,400	1,415	1,464	1,464	49	1,464
						37	
	RECREATION						
4170.0708	SPORTS FACILITIES - OUTDOOR - LEASE/HIRE FEES	60	71	79	79	8	79
						8	
	REGULATORY						
4180.0810	PLANNING FEES	105	105	110	110	5	110
4180.0837	OTHER - SUNDRY LICENCE FEES	8	8	14	14	6	14
						11	
	TRANSPORT						
4193.0931	REINSTATEMENTS	30	10	22	22	12	22
						12	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	OPERATING REVENUE CONT'D						
	UNCLASSIFIED						
4210.1101	PRIVATE WORKS - INVERTS/CROSSOVERS	7	7	0	0	(7)	0
4210.1102	PRIVATE WORKS - GENERAL	50	109	99	99	(10)	99
4230.1301	SUNDRY - SEARCH FEES	30	30	35	35	5	35
4230.1303	SUNDRY - LEASES/HIRES	86	101	108	108	7	108
4230.1304	SUNDRY - SALES/COMMISSIONS	10	10	5	5	(5)	5
4230.1305	SUNDRY	5	132	150	150	18	150
						8	
	TOTAL OPERATING REVENUE - INCREASE/(DECREASE)					1,431	
2.2	NON-OPERATING REVENUE						
4280.1782	DEPRECIATION - WRITTEN BACK	6,096	6,366	6,596	6,650	230	6,596
4260.0000	LOAN REPAYMENTS - REIMBURSEMENTS	108	71	60	60	(11)	60
4500.2001	GRANT FUNDING	359	164	201	201	37	201
						256	
	TOTAL NON OPERATING REVENUE - INCREASE/(DECREASE)					256	
2.3	OPERATING EXPENDITURE						
	ADMINISTRATION						
6002.0010	ORGANISATIONAL - SALARIES	797	813	819	819	6	819
6002.0031	FRINGE BENEFITS TAX	70	62	44	44	(18)	44
6002.0038	OPERATING EXP.	80	80	95	95	15	95
6002.0204	INSURANCES	30	30	21	21	(9)	21
						(6)	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	OPERATING EXPENDITURE CONT'D						
	SUPPORT SERVICES						
6011.0010	ACCOUNTING FINANCE - SALARIES	241	241	249	249	8	249
6011.0038	ACCOUNTING/FINANCE - OPERATING	27	27	21	21	(6)	21
6014.0005	DEPRECIATION - OFFICE EQUIPMENT	86	86	46	46	(40)	46
6014.0331	INFORMATION TECHNOLOGY - EQUIPMENT MAINTENANCE	305	305	300	300	(5)	300
6015.0340	COMMUNICATIONS - TELEPHONE/INTERNET	15	15	22	22	7	22
6016.0010	RATES ADMINISTRATION - SALARIES	104	104	97	97	(7)	97
6018.0001	DEPRECIATION - BUILDINGS	576	576	596	593	20	596
6018.0370	OCCUPANCY - CIVIC CENTRE MAINTENANCE	140	140	151	151	11	151
6018.0372	OCCUPANCY - COMMON AREAS MAINTENANCE	50	50	26	26	(24)	26
6018.0373	OCCUPANCY - COMMON AREAS MAINTENANCE REIMBURSEMENT	(25)	(25)	(10)	(10)	15	(10)
6022.0038	COMMUNITY ENGAGEMENT - OPERATING	70	60	70	70	10	70
6022.0039	COMMUNITY ENGAGEMENT - PR AND COMMUNICATIONS	0	20	2	2	(18)	2
						(29)	
	COMMUNITY SERVICES						
6100.0403	CRIME PREVENTION - SECURITY CAMERAS MAINTENANCE	12	12	4	4	(8)	4
6114.0472	HEALTH PROMOTION	3	3	0	(9)	(3)	0
6114.0473	OPAL PROJECT EXP.	34	34	51	51	17	51
6114.0474	OPAL IN-KIND EXP.	0	0	8	8	8	8
6126.0541	GENERAL DONATIONS	150	155	165	165	10	165
6134.0590	PUBLIC CONVENIENCES	200	220	230	230	10	230
6132.0001	DEPRECIATION - BUILDINGS	71	71	91	96	20	91
						54	
	CULTURAL						
6200.0010	LIBRARY - SALARIES	780	770	763	763	(7)	763
6200.0630	LIBRARY - POWER, WATER ETC.	80	80	90	90	10	90
6200.0631	LIBRARY - CLEANING	76	81	87	87	6	87
6200.0633	LIBRARY - EQUIPMENT MAINTENANCE	80	70	52	52	(18)	52
6200.0634	LIBRARY - GENERAL MAINTENANCE	45	35	25	25	(10)	25
6210.0680	CULTURAL VENUES - CITY HALL	83	90	99	99	9	99
6210.0681	CULTURAL VENUES - WEHL STREET THEATRE	25	25	20	20	(5)	20
6220.0691	HERITAGE - OLD TOWN HALL / CLOCK	23	23	48	48	25	48
6240.0734	OTHER - PURCHASE OF DECORATIONS	24	24	17	17	(7)	17

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	OPERATING EXPENDITURE CONT'D...						
	CULTURAL CONT'D...						
6200.0001	DEPRECIATION - BUILDINGS	260	260	250	245	(10)	250
6200.0005	DEPRECIATION - OFFICE EQUIPMENT	209	209	149	145	(60)	149
6200.0006	DEPRECIATION - BOOKS/MATERIALS	249	249	234	233	(15)	234
6220.0001	DEPRECIATION - BUILDINGS	299	299	314	316	15	314
						(67)	
	ECONOMIC						
6320.0762	REGIONAL DEVELOPMENT - PROJECTS	120	320	302	276	(18)	302
6350.0010	TOURISM - MAJOR EVENTS - SALARIES	127	127	132	132	5	132
6350.0808	TOURISM - PROMOTION	62	73	61	61	(12)	61
6360.0010	TOURISM - LADY NELSON- SALARIES	259	249	237	237	(12)	237
6360.0831	TOURISM - LADY NELSON - CLEANING	33	33	28	28	(5)	28
						(42)	
	ENVIRONMENT						
6410.0880	WASTE MANAGEMENT - GARBAGE COLLECTION	527	577	569	569	(8)	569
6410.0884	WASTE MANAGEMENT - GREENWASTE COLLECTION	150	150	145	145	(5)	145
6410.0886	WASTE MANAGEMENT - RECYCLING	214	214	222	222	8	222
6410.0888	WASTE MANAGEMENT - TRANSFER CENTRE	175	175	183	183	8	183
6410.0890	WASTE MANAGEMENT - LANDFILL	415	415	384	384	(31)	384
6410.0892	WASTE MANAGEMENT - EPA LICENCE FEES	502	502	542	542	40	542
6410.0893	WASTE MANAGEMENT - REHAB. PLAN	20	20	15	15	(5)	15
6420.0900	STORMWATER DRAINAGE - GENERAL MAINTENANCE	150	130	110	110	(20)	110
6440.0930	STREETLIGHTING	467	467	474	474	7	474
6420.0002	DEPRECIATION - INFRASTRUCTURE	119	269	299	296	30	299
						24	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	OPERATING EXPENDITURE CONT'D						
	RECREATION						
6500.0960	PARKS, GARDENS, RESERVES - CAVE GARDEN	135	130	114	114	(16)	114
6500.0964	PARKS, GARDENS, RESERVES - CRATER LAKES	294	274	262	262	(12)	262
6500.0969	PARKS, GARDENS, RESERVES - OLD HOSPITAL SITE	25	15	10	10	(5)	10
6500.0975	PARKS, GARDENS, RESERVES - RAILWAY LANDS	30	30	19	19	(11)	19
6500.0976	PARKS, GARDENS, RESERVES - GENERAL	565	565	553	553	(12)	553
6500.0978	PARKS, GARDENS, RESERVES - UMPHERSTON	75	75	80	80	5	80
6500.0980	PARKS, GARDENS, RESERVES - VANSITTART PARK GARDEN	128	118	112	112	(6)	112
6530.1001	SPORTS FACILITIES - OUTDOOR - DIMJALLA PARK	25	25	20	20	(5)	20
6530.1002	SPORTS FACILITIES - OUTDOOR - FREW PARK	26	26	21	21	(5)	21
6530.1006	SPORTS FACILITIES - OUTDOOR - OLYMPIC PARK	20	15	10	10	(5)	10
6530.1010	SPORTS FACILITIES - OUTDOOR - GENERAL	30	30	21	21	(9)	21
6530.1012	SPORTS FACILITIES - OUTDOOR - VANSITTART PARK OVAL	30	25	20	20	(5)	20
6560.1040	OTHER - SPECIAL SPORTS ASSISTANCE	15	15	2	2	(13)	2
6500.0001	DEPRECIATION - BUILDINGS	260	260	270	270	10	270
6530.0001	DEPRECIATION - BUILDINGS	156	156	226	234	70	226
						(19)	
	REGULATORY						
6600.0010	DOG CONTROL - SALARIES	170	185	190	190	5	190
6630.1220	PLANNING - LEGAL AND PROFESSIONAL	35	90	132	132	42	132
						47	
	TRANSPORT						
6730.1230	FOOTPATHS AND KERBING - GENERAL MAINTENANCE	320	300	282	282	(18)	282
6740.1240	ROADS - GENERAL MAINTENANCE	175	175	168	168	(7)	168
6740.1244	ROADS - DPTI - MEDIANS/SWEEPING	73	68	63	63	(5)	63
6780.1280	TRAFFIC CONTROL - GENERAL MAINTENANCE	170	150	130	130	(20)	130
6730.0002	DEPRECIATION - INFRASTRUCTURE	172	172	147	145	(25)	147
6740.0002	DEPRECIATION - INFRASTRUCUTRE	1,736	1,736	1,871	1,871	135	1,871
						60	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	<u>OPERATING EXPENDITURE CONT'D</u>						
	ENGINEERING						
6800.0034	ENGINEERING DEPARTMENT - EMPLOYEE EXP.	6	6	1	1	(5)	1
6800.0038	ENGINEERING DEPARTMENT - OPERATING EXP.	135	135	141	141	6	141
6820.0018	FIELD STAFF - PUBLIC HOLIDAYS	128	128	117	117	(11)	117
6820.0021	FIELD STAFF - SUPERANNUATION	316	301	283	283	(18)	283
6830.0010	DEPOT SALARIES	142	142	147	147	5	147
6850.1600	PLANT AND MACHINERY - MAINTENANCE AND REPAIRS	450	470	488	488	18	488
6850.1601	PLANT AND MACHINERY - FUELS AND OILS	360	300	318	318	18	318
6840.1500	LABOUR ON-COST - UNDER COSTED	(1,194)	(1,194)	(1,063)	(1,063)	131	(1,063)
6860.1700	PLANT HIRE - UNDER COSTED	(1,654)	(1,654)	(1,622)	(1,622)	32	(1,622)
6850.0003	DEPRECIATION - PLANT AND MACHINERY	779	899	979	987	80	979
						256	
	UNCLASSIFIED						
6900.1802	PRIVATE WORKS - GENERAL	30	40	71	71	31	71
6960.2000	FINANCE CHARGES - LOAN INTEREST	581	581	296	296	(285)	296
						(254)	
	TOTAL OPERATING EXPENDITURE - INCREASE/(DECREASE)					24	
2.4	<u>NON - OPERATING EXPENDITURE</u>						
7020.3021	LOAN REPAYMENTS - OFFSET INTEREST SAVINGS TO DEBT REDUCTION	716	716	1,001	243	285	1,001
	TOTAL NON OPERAITNG EXPENDITURE - INCREASE/(DECREASE)					285	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/15 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
2.5	<u>CAPITAL EXPENDITURE</u>						
	ENVIRONMENTAL						
7665.5651	STREET TREES AND GUARDS	38	38	52	52	14	52
7670.5702	GARBAGE BIN PURCHASES	30	30	25	25	(5)	25
7800.0999	STORMWATER DRAINAGE	80	80	68	68	(12)	68
						(3)	
	PARKS, GARDENS, RESERVES						
7680.5809	ENGELBRECHT CAVE RESERVE UPGRADE	10	10	4	4	(6)	4
7680.5810	BUILDING ASSETS - CAPITAL RENEWAL	145	205	245	245	40	245
						34	
	ENGINEERING/INFRASTRUCTURE						
7830.1999	FOOTPATHS	289	276	291	291	15	291
7900.3999	SEALED ROADS:	2,865	4,167	4,115	4,115	(52)	4,115
	- TRAFFIC CONTROL (8)					(37)	
	- ROAD RESEALS 43						
	- ROADS TO RECOVERY 45						
	- SEALED ROAD PROGRAM (132)						
	TOTAL (52)						
	TOTAL CAPITAL EXP - INCREASE/(DECREASE)					(6)	

3. SUMMARY OF REQUESTED BUDGET VARIATIONS

	Original Budget \$000	Revised Budget \$000	Variation Requested \$000	Proposed BR5 \$000
OPERATING				
Operating Expenditure Increase (Decrease)	23,161	23,889	24	23,913
Operating Revenue Increase (Decrease)	23,117	23,896	1,431	25,327
Operating Surplus/(Deficit)	(44)	7	(1,407)	1,414
CAPITAL EXPENDITURE				
Capital Expenditure Increase (Decrease)	8,433	12,169	(6)	12,163
CAPITAL REVENUE				
Capital Revenue Increase (Decrease)	0	0	0	0
NON OPERATING EXPENDITURE				
Non Operating Expenditure Increase (Decrease)	726	716	285	1,001
NON OPERATING REVENUE				
Non Operating Revenue Increase (Decrease)	9,118	13,101	256	13,357
Revised Cash Budget Surplus/(Deficit)	(85)	223	1,384	1,607
SUMMARY OF ALTERATIONS : SURPLUS/(DEFICIT)	Operating Budget		Cash Budget	
Original (Adopted) Budget		(44)		(85)
Revised Budget - (Work in Progress)		(59)		(85)
Budget Update No. 1 (as at 30th September, 2014)		47		0
Budget Update No. 2 (as at 31st December, 2014)		183		155
Budget Update No. 3 (as at 31st March, 2015)		236		118
Budget Update No. 4 (as at 31st May, 2015)		7		223
Budget Update No. 5 (as at 30th June, 2015)		1,414		1,607

4. BR5 Commentary

- This is the fifth Budget Review for the 2014/2015 financial year other than the interim review which introduced work in progress amounts from 2014/2015 into the 2015/2016 Budget.
- BR5 takes into account known Budget operating costs attributable to the 2014/2015 Financial Year (Balance Sheet adjustments still to be completed)
- In completing the final BR5 review any variances to the value of \$5,000 or more have been indentified and recommended as a variation/budget adjustment.
- In overall terms BR5 provides for;
 - An increase in Operating Expenditure of \$24,000
 - An increase in Operating Revenue of \$1,431,000
 - A net gain to the budgeted operating result of \$1,414,000
- Council's Budgeted Operating commentary;
 - The adopted Budget provided for a \$44,000 Deficit
 - Interim (WIP) Review resulted in a \$59,000 Operating Deficit
 - BR1 results in a \$47,000 surplus as at 30th September, 2014
 - BR2 results in a \$183,000 surplus as at 31st December, 2014
 - BR3 results in a \$236,000 surplus as at 31st March, 2015
 - BR4 results in a \$7,000 surplus as at 31st May, 2015
 - BR5 results in \$1,414,000 as at 30th June, 2015
- Council's Cash Budget commentary:
 - adopted Budget provided for a \$85,000 Deficit
 - the Interim (WIP) Review resulted in a \$85,000 Cash Budget Deficit
 - BR1 results in a balanced budget as at 30th September, 2014
 - BR2 results in a \$155,000 surplus as at 31st December, 2015
 - BR3 results in a \$118,000 surplus as at 31st March, 2015
 - BR4 results in at \$223,000 surplus as at 31st May, 2015
 - BR5 results in \$1,607,000 as at 31st June, 2015
- Operating Expenditure increased by \$24,000 through a range of end of year adjustments, the most significant being adjustments to depreciation charged (offset in non-operating) and adjustments to estimates for labour on-cost and machinery/plant hire reimbursements.
- Operating Revenue has increased by \$1,431,000 due to a range of minor end of year adjustments other than a \$1,318,000 increase in Grants Commission revenue (advance payment on 2015/2016 allocation).
- Non-Operating Expenditure increases by \$285,000 solely attributable to an increased allocation to finance costs (loan principal repayments) as a result of loan interest savings due to Treasury Management practices (expenditure reduction offset in Operating)

BR5 Commentary (cont)

- Non-Operating Revenue increases by \$256,000 principally due to increased depreciation allocations referred to in Operating Expenditure.

SUMMARY

Council's estimated Budget Operating result (\$1,414,000) needs to be balanced with the revenue received in advance as a result of the Grants Commission advance payment (\$1,385,000).

This in effect still provides Council with an estimated balanced Budget Operating result notwithstanding the completion of Balance Sheet adjustments in conjunction with the forthcoming Statutory Audit.

14th August, 2015
FM

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Statement of Comprehensive Income

ACTUAL 2013/14 \$ '000	INCOME	BR5 2014/15 \$ '000
16,826	Rates	17,080
378	Statutory Charges	449
3,530	User Charges	3,157
1,278	Grants Subsidies and Contributions	4,451
32	Investment Income	11
229	Reimbursements	179
467	Other	0
<hr/>		<hr/>
22,740	TOTAL REVENUES	25,327
	 EXPENSES	
8,772	Wages and Salaries	9,328
8,467	Materials, contracts & other expenses	7,707
262	Finance Costs	283
5,907	Depreciation, amortisation & impairment	6,595
<hr/>		<hr/>
23,408	Total Expenses	23,913
<hr/>		<hr/>
-668	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	1,414
-3,227	Net gain (loss) on disposal or revaluation of assets	0
3,064	Amounts specifically for new or upgraded assets	0
0	Physical resources received free of charge	0
 -831	 NET SURPLUS/(DEFICIT)	 1,414
<hr/> <hr/>		<hr/> <hr/>

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Cash Flow Statement

ACTUAL 2013/14 \$ '000		BR5 2014/15 \$ '000 Inflows (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
25,583	Operating Receipts	25,316
69	Investment Receipts	11
	PAYMENTS	
-18,654	Operating payments to suppliers & employees	-17,035
-230	Finance Payments	-283
6,768	Net Cash provided by (or used in) Operating Activities	8,009
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
3,064	Grants specifically for new or upgraded assets	0
276	Sale of Assets	201
126	Repayments of loans by community groups	60
	PAYMENTS	
0	Loans made to community groups	0
-6,574	Expenditure on renewal / replacement of assets	-5,420
-3,969	Expenditure on new / upgraded assets	-6,743
-7,077	Net Cash provided by (or used in) Investing Activities	-11,902
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
1,163	Proceeds from Borrowings	1,073
	PAYMENTS	
-356	Repayment of Borrowings	3,459
807	NET CASH USED IN FINANCING ACTIVITIES	4,532
	NET INCREASE (DECREASE) IN CASH HELD	639
498	CASH AT BEGINNING OF YEAR	1,173
675	CASH AT END OF YEAR	1,812
1,173		1,812

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Balance Sheet

ACTUAL 2013/14 \$ '000		BR5 2014/15 \$ '000
	ASSETS	
	CURRENT ASSETS	
1,173	Cash and cash equivalents	1,812
1,132	Trade & other receivables	1,132
37	Inventories	37
0	Other Financial Assets	0
2,342		2,981
0	Non-Current Assets held for Sale	0
2,342	TOTAL CURRENT ASSETS	2,981
	NON-CURRENT ASSETS	
154	Financial Assets	94
195,144	Infrastructure, Property, Plant & Equipment	200,511
0	Other Non-current Assets	0
195,298	TOTAL NON-CURRENT ASSETS	200,605
197,640	TOTAL ASSETS	203,586
	LIABILITIES	
	CURRENT LIABILITIES	
2,643	Trade & Other Payables	2,643
243	Borrowings	243
1,742	Short-term Provisions	1,742
0	Other Current Liabilities	0
4,628		4,628
0	Liabilities relating to Non-current Assets held for Sale	0
4,628	TOTAL CURRENT LIABILITIES	4,628
	NON-CURRENT LIABILITIES	
0	Trade & Other Payables	0
4,538	Long-term Borrowings	9,070
252	Long-term Provisions	252
0	Other Non-current Liabilities	0
4,790	TOTAL NON-CURRENT LIABILITIES	9,322
9,418	TOTAL LIABILITIES	13,950
188,222	NET ASSETS	189,636
	EQUITY	
46,307	Accumulated Surplus	52,181
131,574	Asset Revaluation	131,574
10,341	Other Reserves	5,881
188,222	TOTAL EQUITY	189,636

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Statement of Changes in Equity

ACTUAL 2013/14 \$ '000		BR5 2014/15 \$ '000
	ACCUMULATED SURPLUS	
48,060	Balance at end of previous reporting period	46,307
-831	Net Result for Year	1,414
3,537	Transfer From Reserves	4,460
<u>-4,459</u>	Transfer To Reserves	<u>0</u>
46,307	BALANCE AT END OF PERIOD	52,181
	ASSET REVALUATION RESERVE	
131,574	Balance at end of previous reporting period	131,574
0	Gain on revaluation of infrastructure, property, plant & equipment	0
0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	<u>0</u>
<u>131,574</u>	BALANCE AT END OF PERIOD	<u>131,574</u>
	LONG SERVICE LEAVE	
724	Balance at end of previous reporting period	724
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	<u>-75</u>
<u>724</u>	BALANCE AT END OF PERIOD	<u>649</u>
	OFF STREET CAR PARK	
267	Balance at end of previous reporting period	267
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	<u>0</u>
<u>267</u>	BALANCE AT END OF PERIOD	<u>267</u>
	PLANT REPLACEMENT	
1,561	Balance at end of previous reporting period	1,561
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	<u>0</u>
<u>1,561</u>	BALANCE AT END OF PERIOD	<u>1,561</u>
	LADY NELSON PARK REDEVELOPMENT	
6	Balance at end of previous reporting period	6
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	<u>0</u>
<u>6</u>	BALANCE AT END OF PERIOD	<u>6</u>
	ASSET REPLACEMENT	
1,296	Balance at end of previous reporting period	1,296
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	<u>0</u>
<u>1,296</u>	BALANCE AT END OF PERIOD	<u>1,296</u>

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Statement of Changes in Equity

ACTUAL 2013/14 \$ '000		BR5 2014/15 \$ '000
	LAND DIVISION - OUTSTANDING WORK	
232	Balance at end of previous reporting period	232
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
232	BALANCE AT END OF PERIOD	232
	DOWNSTREAM DRAINAGE	
116	Balance at end of previous reporting period	171
55	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
171	BALANCE AT END OF PERIOD	171
	WORK IN PROGRESS	
3,537	Balance at end of previous reporting period	4,385
4,385	Transfer to reserve from accumulated surplus	0
-3,537	Transfer from reserve to accumulated surplus	-4,385
4,385	BALANCE AT END OF PERIOD	0
	CITY CENTRE IMPROVEMENT	
688	Balance at end of previous reporting period	688
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
688	BALANCE AT END OF PERIOD	688
	MAJOR CAPITAL WORKS	
482	Balance at end of previous reporting period	482
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
482	BALANCE AT END OF PERIOD	482
	RESERVE FUNDS TOTAL	
0	Balance at end of previous reporting period	0
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
0	BALANCE AT END OF PERIOD	0
	MOUNT GAMBIER CEMETERY TRUST	
466	Balance at end of previous reporting period	478
12	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
478	BALANCE AT END OF PERIOD	478
	JUNIOR SPORTING FUND	
44	Balance at end of previous reporting period	51
7	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
51	BALANCE AT END OF PERIOD	51
188,222	TOTAL EQUITY AT END OF REPORTING PERIOD	189,636

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

Uniform Presentation of Finances

ACTUAL 2013/14 \$ '000		BR5 2014/15 \$ '000
22,740	Operating Revenues	25,327
-23,408	<i>less Operating Expenses</i>	-23,913
<u>-668</u>	Operating Surplus / (Deficit) before Capital Amounts	<u>1,414</u>
	<i>Less Net Outlays in Existing Assets</i>	
6,574	Capital Expenditure on renewal and replacement of Existing Assets	3,828
-5,907	<i>less Depreciation, Amortisation and Impairment</i>	-6,595
-276	<i>less Proceeds from Sale of Replaced Assets</i>	-201
<u>391</u>		<u>-2,968</u>
	<i>Less Net Outlays on New and Upgraded Assets</i>	
3,969	Capital Expenditure on New and Upgraded Assets	8,335
-3,064	<i>less Amounts received specifically for New and Upgraded Assets</i>	0
<u>0</u>	<i>less Proceeds from Sale of Surplus Assets</i>	<u>0</u>
905		8,335
-1,964	Net Lending / (Borrowing) for Financial Year	-3,953

**CITY OF MOUNT GAMBIER
BUDGET 2014/15**

ACTUAL	FINANCIAL INDICATORS	BR5
2013/14		2014/15

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.

-668	Operating Surplus (\$'000)	1,414
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Being the operating surplus (deficit) before capital amounts .

(4%)	Operating Surplus Ratio	9%
	<u>Operating Surplus</u>	
	Rates - general & other less NRM levy	

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

6,959	Net Financial Liabilities (\$'000)	10,912
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

31%	Net Financial Liabilities Ratio	44%
	<u>Net Financial Liabilities</u>	
	Total Operating Revenue less NRM levy	

1%	Interest Cover Ratio	1%
	<u>Net Interest Expense</u>	
	Total Operating Revenue less NRM levy less Investment Income	

Asset Sustainability Ratio

107%	<u>Net Asset Renewals</u>	55%
	Depreciation Expense	

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

65%	Asset Consumption Ratio	86%
	<u>Carrying value of depreciable assets</u>	
	Gross value of depreciable assets	

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

CORPORATE AND COMMUNITY SERVICES REPORT NO. 62/2015

SUBJECT: INTERIM BUDGET UPDATE SEPTEMBER, 2015 (INTRODUCTION OF WORK IN PROGRESS ALLOCATIONS)

REF: AF14/427

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

Following the introduction of the Local Government (Financial Management) Regulations 2011, Council completed a review of its Budget reporting processes (Corporate and Community Services Report No. 30/3012 - Monitoring Council's Budget Performance) resulting in the adoption of the new Policy B300 - Budget Reporting and Amendment.

The objective of the Budget Reporting and Amendment Policy is to provide management with a framework to operate in regard to the following:

- The content, timing and process to be followed for reporting to Council on its performance against budget;
- The scope and conditions associated with the Chief Executive Officer approving variations in activity (that are within the scope of the approved budget allocations) without obtaining Council approval; and
- The process required to be followed as well as general guidelines in relation to the carrying forward of expenditure authority associated with projects included in the budget for the previous year.

The Policy provides for a Budget Update report to be prepared and included in the agenda of the Ordinary Meeting of Council's Corporate and Community Services Committee in the months of November and March (as a minimum). The report will highlight at summary level budget activity for the year to date, original and revised budget information, and include the latest revised forecast of expected budget results for the year.

As part of Council's Budget reporting regime, the introduction of Work in Progress allocations or funds "carried over" from projects/activities budgeted for in the previous financial year and not completed/in progress are now introduced.

This Interim Budget Update refers solely to Work in Progress allocations and does not seek to review 2015/2016 Budget/Actual comparative figures at this time.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 62/2015 be received;
- (b) the Interim Budget Update - September 2015 (introduction of Work in Progress allocations) as presented with this Report be adopted by Council with all amendments to be made to the 2015/2016 Council Budget.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER



**INTERIM BUDGET UPDATE: SEPTEMBER 2015
(INTRODUCTION OF WORK IN PROGRESS ALLOCATIONS FROM 2014/2015 BUDGET)**

- 1. HIGH LEVEL SUMMARY BY FUNCTION (PAGES 1 - 13)**
- 2. DETAILED SUMMARY OF WORK IN PROGRESS ALLOCATIONS (PAGES 14 - 15)**
- 3. NEW BUDGET SUMMARY (PAGE 16)**
- 4. INTERIM BUDGET UPDATE COMMENTARY (PAGE 17)**
- 5. UNIFORM PRESENTATION OF FINANCES (PAGES 18 - 25)**

HIGH LEVEL SUMMARY BY FUNCTION

1. ADMINISTRATION

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6000 - 6002)	1,703					
OPERATING REVENUE (4100 - 4120)	20,440					
NET OPERATING - SURPLUS / (DEFICIT)	18,737					
CAPITAL EXPENDITURE (7500)	124		480		356	480
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(124)		(480)		(356)	(480)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

2. SUPPORT SERVICES

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6010)	3,212					
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(3,212)					
CAPITAL EXPENDITURE (7460)	55		126		71	126
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(55)		(126)		(71)	(126)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

3. COMMUNITY

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6100)	1,655					
OPERATING REVENUE (4130)	121					
NET OPERATING - SURPLUS / (DEFICIT)	(1,534)					
CAPITAL EXPENDITURE (7560, 7570, 7620)	147					
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(147)					
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

4. CULTURAL

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6200)	2,901		2,906		5	2,906
OPERATING REVENUE (4140 - 4142)	392		392		0	392
NET OPERATING - SURPLUS / (DEFICIT)	(2,509)		(2,514)		(5)	(2,514)
CAPITAL EXPENDITURE (7470, 7630, 7640, 7650)	155		176		21	176
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(155)		(176)		(21)	(176)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

5. ECONOMIC

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6300)	1,608		1,634		26	1,634
OPERATING REVENUE (4153)	413		413		0	413
NET OPERATING - SURPLUS / (DEFICIT)	(1,195)		(1,221)		(26)	(1,221)
CAPITAL EXPENDITURE (7660)						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

6. ENVIRONMENT

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6400)	4,072		4,081		9	4,084
OPERATING REVENUE (4162)	1,665		1,665		0	1,665
NET OPERATING - SURPLUS / (DEFICIT)	(2,407)		(2,416)		(9)	(2,416)
CAPITAL EXPENDITURE (7670, 7665, 7800)	259		874		615	874
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(259)		(874)		(615)	(874)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

7. RECREATIONAL

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6500)	2,507		2,507		0	2,507
OPERATING REVENUE (4170)	57		57		0	57
NET OPERATING - SURPLUS / (DEFICIT)	(2,450)		(2,450)		(930)	(2,450)
CAPITAL EXPENDITURE (7680, 7690, 7700, 7730)	539		1,469		930	1,469
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(539)		(1,469)		(930)	(1,469)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

8. REGULATORY

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6600)	1,191					
OPERATING REVENUE (4180)	425					
NET OPERATING - SURPLUS / (DEFICIT)	(766)					
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

9. TRANSPORT

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6700)	3,281					
OPERATING REVENUE (4192, 4193)	591					
NET OPERATING - SURPLUS / (DEFICIT)	(2,690)					
CAPITAL EXPENDITURE (7300, 7400, 7450, 7830, 7900)	4,804		5,059		255	5,059
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(4,804)		(5,059)		(255)	(5,059)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

10. ENGINEERING/INDIRECT

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6800)	1,361					
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(1,361)					
CAPITAL EXPENDITURE (7740)	5		704		699	704
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(5)		(704)		(699)	(704)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

11. UNCLASSIFIED

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6900)	767					
OPERATING REVENUE (4210, 4230, 4240)	220					
NET OPERATING - SURPLUS / (DEFICIT)	(547)					
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

12. NON - OPERATING

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE						
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)						
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE (7000)	874		874		0	874
NON OPERATING REVENUE (4250, 4260, 4270, 4280, 4300, 4500)	6,890		9,837		2,947	9,837
NET NON OPERATING - SURPLUS / (DEFICIT)	6,016		8,963		2,947	8,963

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

13. SUMMARY

	Original Budget '000	Revised '000	Proposed Budget '000	Actual '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE	24,258		24,298		40	24,298
OPERATING REVENUE	24,324		24,324		0	24,324
NET OPERATING BUDGET SURPLUS/(DEFICIT)	66		26		(40)	26
CAPITAL EXPENDITURE	6,088		9,035		2,947	9,035
CAPITAL REVENUE						
NON OPERATING EXPENDITURE	874		874		0	874
NON OPERATING REVENUE	6,890		9,837		2,947	9,837
NET CASH BUDGET SURPLUS/(DEFICIT)	(6)		(46)		(40)	(46)

2. DETAILED SUMMARY OF WORK IN PROGRESS ALLOCATIONS

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
2.1	<u>OPERATING EXPENDITURE</u>						
	CUTLURAL						
6240.0744	Family Fun Days - 2 Fun Days	15	15	20	-	5	-
	ECONOMIC						
6320.0762	Economic Projects - China Engagement	20	20	46	-	26	46
	ENVIRONMENT						
6460.0955	Sustainability - Projects	100	100	109	-	9	109
	OPERATING EXPENDITURE INCREASE/(DECREASE)					40	
2.2	<u>CAPITAL EXPENDITURE</u>						
	TRANSPORT						
7360.4066	Plant and Machinery Purchases - Roller	1,103	1,103	1,163	-	60	1,163
7400.4118	Plant and Machinery Purchases - Mower	1,103	1,163	1,258	-	95	1,258
7450.4307	Plant and Machinery Purchases - Capital Provision	0	0	100	-	100	100
						255	
	SUPPORT						
7460.4401	Office Upgrade/Renovations	20	20	91	-	71	91
						71	
	CULTURAL						
7470.4602	Library - Sponsorship of Program	20	20	30	-	10	30
7650.5503	Heritage - Building Renewal	10	10	21	-	11	21
						21	

Account No.	Description	Original Budget '000	Revised Budget '000	Proposed Budget '000	Actual 30/06/2015 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
	ADMINISTRTION						
7500.5002	Civic Centre - GRC Panels	124	124	480	-	356	480
						356	
	RECREATION						
7680.5803	Crater Lakes - Blue Lake Lighting	0	0	92	-	92	92
7680.5803	Crater Lakes - Conservation Park	0	0	13	-	13	13
7680.5810	Council Building Assets Renewal - Air Conditioning	230	230	258	-	28	258
7680.5799	Hastings Cunningham - Dog Park	0	0	11	-	11	11
7680.5811	Railway Lands	75	75	519	-	444	519
7680.5812	Former Hospital	0	0	287	-	287	287
7690.5903	Basketball Stadium - Fire Hydrant	0	0	55	-	55	55
						930	
	ENVIRONMENT						
7670.5701	Caroline Landfill	15	15	521	-	506	521
7670.5704	Eucalypt Drive Materials Recovery	0	0	100	-	100	100
7800.0999	Stormwater Drainage - Wandaree Court	135	135	144	-	9	144
						615	
	ENGINEERING/INFRASTRUCTURE						
7900.3999	CBD Upgrade	900	900	1,028	-	128	1,028
7900.3999	Lake Terrace East	1,130	1,130	1,316	-	186	1,316
7900.3999	Boundary Roads	164	164	549		385	549
						699	
	CAPITAL EXPENDITURE INCREASE/(DECREASE)					2,947	
2.3	NON - OPERATING REVENUE						
4270.1708	WORK IN PROGRESS	-	-	2,947	-	2,947	2,947
	NON OPERATING REVENUE INCREASE/(DECREASE)					2,947	

3. NEW BUDGET SUMMARY

	Original Budget \$	Variation Requested \$	Revised Budget \$
OPERATING REVENUE			
Operating Expenditure Increase (Decrease)	24,258	40	24,298
Operating Revenue Increase (Decrease)	24,324	0	24,324
Operating Surplus/(Deficit)	66	40	26
CAPITAL EXPENDITURE			
Capital Expenditure Increase (Decrease)	6,088	2,947	9,035
CAPITAL REVENUE			
Capital Revenue Increase (Decrease)	142	0	142
NON OPERATING EXPENDITURE			
Non Operating Expenditure Increase (Decrease)	874	0	874
NON OPERATING REVENUE			
Non Operating Revenue Increase (Decrease)	6,748	2,947	9,695
Revised Cash Budget Surplus/(Deficit)	(6)	40	(46)
SUMMARY OF ALTERATIONS - SURPLUS/(DEFICIT)		OPERATING BUDGET	CASH BUDGET
Adopted Budget		66	(6)
Interim Budget Update (introduction of work in progress)		26	(46)

4. Interim Budget Update Commentary

- As referenced in the Report covering this matter this Budget Update solely focuses on the introduction of work in progress allocations (uncompleted/in progress projects and activities from the 2014/2015 financial year) now introduced into the 2015/2016 financial year Budget.
- In overall terms the Interim Budget Update provides for:
 - an increase in Non-Operating Revenue of \$2,947,000
 - an increase in Operating Expenditure of \$40,000
 - an increase in Capital Expenditures of \$2,947,000
- Council's Operating Budget Commentary:
 - the adopted Budget provided for an Operating surplus of \$66,000
 - the allocation of work in progress funds will result in an Operating surplus of \$26,000
- Council's Cash Budget commentary:
 - The adopted Budget provided for an overall cash budget deficit of \$6,000
 - The allocation of work in progress funds will result in an increased cash budget deficit of \$46,000.
- Of the \$2,987,000 being allocated as 'Work in Progress' the following amounts are from Council's Major Capital Works Program (principally loan funded):

○ Landfill Construction	\$506,000	
○ Rail Lands Redevelopment	\$444,000	
○ CBD Renewal	\$128,000	
○ Old Hospital Site	<u>\$287,000</u>	<u>\$1,365,000</u>
- Other more significant "Work in Progress" amounts include:

○ Civic Centre GRC Panel Upgrade	\$356,000	
○ Eucalypt Drive (Material Recovery)	\$100,000	
○ Crater Lakes - Blue Lake Lighting	\$92,000	
○ Road Construction - Lake Tce East	\$186,000	
○ Boundary Roads Program	<u>\$385,000</u>	<u>\$1,119,000</u>

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Statement of Comprehensive Income

ACTUAL 2013/14 \$ '000	INCOME	WIP 2015/16 \$ '000
16,826	Rates	17,845
378	Statutory Charges	425
3,530	User Charges	2,578
1,278	Grants Subsidies and Contributions	3,377
32	Investment Income	10
229	Reimbursements	89
467	Other	0
0	Share of profit - joint ventures and associates	0
<hr/>		<hr/>
22,740	TOTAL REVENUES	24,324
	 EXPENSES	
8,772	Wages and Salaries	9,071
8,467	Materials, contracts & other expenses	8,757
262	Finance Costs	374
5,907	Depreciation, amortisation & impairment	6,096
0	Share of loss - joint ventures & associates	0
<hr/>		<hr/>
23,408	Total Expenses	24,298
<hr/>		<hr/>
-668	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	26
-3,227	Net gain (loss) on disposal or revaluation of assets	0
3,064	Amounts specifically for new or upgraded assets	0
0	Physical resources received free of charge	0
 -831	 NET SURPLUS/(DEFICIT)	 26
<hr/> <hr/>		<hr/> <hr/>

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Cash Flow Statement

ACTUAL 2013/14 \$ '000		WIP 2015/16 \$ '000 Inflows (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES	
	RECEIPTS	
25,583	Operating Receipts	24,314
69	Investment Receipts	10
	PAYMENTS	
-18,654	Operating payments to suppliers & employees	-17,828
-230	Finance Payments	-374
6,768	Net Cash provided by (or used in) Operating Activities	6,122
	CASH FLOWS FROM INVESTING ACTIVITIES	
	RECEIPTS	
3,064	Grants specifically for new or upgraded assets	0
276	Sale of Assets	142
126	Repayments of loans by community groups	43
	PAYMENTS	
0	Loans made to community groups	-10
-6,574	Expenditure on renewal / replacement of assets	-7,908
-3,969	Expenditure on new / upgraded assets	-1,127
-7,077	Net Cash provided by (or used in) Investing Activities	-8,860
	CASH FLOWS FROM FINANCING ACTIVITIES	
	RECEIPTS	
1,163	Proceeds from Borrowings	0
	PAYMENTS	
-356	Repayment of Borrowings	2,309
807	NET CASH USED IN FINANCING ACTIVITIES	2,309
	NET INCREASE (DECREASE) IN CASH HELD	-429
498	CASH AT BEGINNING OF YEAR	1,173
675	CASH AT END OF YEAR	744
1,173		744

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Balance Sheet

ACTUAL 2013/14 \$ '000		WIP 2015/16 \$ '000
	ASSETS	
	CURRENT ASSETS	
1,173	Cash and cash equivalents	744
1,132	Trade & other receivables	1,132
37	Inventories	37
0	Other Financial Assets	0
2,342		1,913
0	Non-Current Assets held for Sale	0
2,342	TOTAL CURRENT ASSETS	1,913
	NON-CURRENT ASSETS	
154	Financial Assets	121
0	Equity accounted investments in Council businesses	0
0	Investment Property	0
195,144	Infrastructure, Property, Plant & Equipment	197,941
0	Other Non-current Assets	0
195,298	TOTAL NON-CURRENT ASSETS	198,062
197,640	TOTAL ASSETS	199,975
	LIABILITIES	
	CURRENT LIABILITIES	
2,643	Trade & Other Payables	2,643
243	Borrowings	243
1,742	Short-term Provisions	1,742
0	Other Current Liabilities	0
4,628		4,628
0	Liabilities relating to Non-current Assets held for Sale	0
4,628	TOTAL CURRENT LIABILITIES	4,628
	NON-CURRENT LIABILITIES	
0	Trade & Other Payables	0
4,538	Long-term Borrowings	6,847
252	Long-term Provisions	252
0	Other Non-current Liabilities	0
4,790	TOTAL NON-CURRENT LIABILITIES	7,099
9,418	TOTAL LIABILITIES	11,727
188,222	NET ASSETS	188,248
	EQUITY	
46,307	Accumulated Surplus	49,506
131,574	Asset Revaluation	131,574
10,341	Other Reserves	7,168
188,222	TOTAL EQUITY	188,248

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Statement of Changes in Equity

ACTUAL 2013/14 \$ '000		WIP 2015/16 \$ '000
	ACCUMULATED SURPLUS	
48,060	Balance at end of previous reporting period	46,307
-831	Net Result for Year	26
3,537	Transfer From Reserves	3,173
-4,459	Transfer To Reserves	0
46,307	BALANCE AT END OF PERIOD	49,506
	ASSET REVALUATION RESERVE	
131,574	Balance at end of previous reporting period	131,574
0	Gain on revaluation of infrastructure, property, plant & equipment	0
0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	0
131,574	BALANCE AT END OF PERIOD	131,574
	LONG SERVICE LEAVE	
724	Balance at end of previous reporting period	724
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	-121
724	BALANCE AT END OF PERIOD	603
	OFF STREET CAR PARK	
267	Balance at end of previous reporting period	267
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
267	BALANCE AT END OF PERIOD	267
	PLANT REPLACEMENT	
1,561	Balance at end of previous reporting period	1,561
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
1,561	BALANCE AT END OF PERIOD	1,561
	LADY NELSON PARK REDEVELOPMENT	
6	Balance at end of previous reporting period	6
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
6	BALANCE AT END OF PERIOD	6
	ASSET REPLACEMENT	
1,296	Balance at end of previous reporting period	1,296
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
1,296	BALANCE AT END OF PERIOD	1,296

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Statement of Changes in Equity

ACTUAL 2013/14 \$ '000		WIP 2015/16 \$ '000
	LAND DIVISION - OUTSTANDING WORK	
232	Balance at end of previous reporting period	232
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
232	BALANCE AT END OF PERIOD	232
	DOWNSTREAM DRAINAGE	
116	Balance at end of previous reporting period	171
55	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	-105
171	BALANCE AT END OF PERIOD	66
	WORK IN PROGRESS	
3,537	Balance at end of previous reporting period	4,385
4,385	Transfer to reserve from accumulated surplus	0
-3,537	Transfer from reserve to accumulated surplus	-2,947
4,385	BALANCE AT END OF PERIOD	1,438
	CITY CENTRE IMPROVEMENT	
688	Balance at end of previous reporting period	688
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
688	BALANCE AT END OF PERIOD	688
	MAJOR CAPITAL WORKS	
482	Balance at end of previous reporting period	482
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
482	BALANCE AT END OF PERIOD	482
	RESERVE FUNDS TOTAL	
0	Balance at end of previous reporting period	0
0	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
0	BALANCE AT END OF PERIOD	0
	MOUNT GAMBIER CEMETERY TRUST	
466	Balance at end of previous reporting period	478
12	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
478	BALANCE AT END OF PERIOD	478
	JUNIOR SPORTING FUND	
44	Balance at end of previous reporting period	51
7	Transfer to reserve from accumulated surplus	0
0	Transfer from reserve to accumulated surplus	0
51	BALANCE AT END OF PERIOD	51
188,222	TOTAL EQUITY AT END OF REPORTING PERIOD	188,248

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

Uniform Presentation of Finances

ACTUAL 2013/14 \$ '000		WIP 2015/16 \$ '000
22,740	Operating Revenues	24,324
-23,408	<i>less Operating Expenses</i>	-24,298
<u>-668</u>	Operating Surplus / (Deficit) before Capital Amounts	<u>26</u>
	<i>Less Net Outlays in Existing Assets</i>	
6,574	Capital Expenditure on renewal and replacement of Existing Assets	7,808
-5,907	<i>less Depreciation, Amortisation and Impairment</i>	-6,096
-276	<i>less Proceeds from Sale of Replaced Assets</i>	-142
<u>391</u>		<u>1,570</u>
	<i>Less Net Outlays on New and Upgraded Assets</i>	
3,969	Capital Expenditure on New and Upgraded Assets	1,227
-3,064	<i>less Amounts received specifically for New and Upgraded Assets</i>	0
<u>0</u>	<i>less Proceeds from Sale of Surplus Assets</i>	<u>0</u>
905		1,227
-1,964	Net Lending / (Borrowing) for Financial Year	-2,771

**CITY OF MOUNT GAMBIER
BUDGET 2015/16**

ACTUAL	FINANCIAL INDICATORS	WIP
2013/14		2015/16

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.

-668	Operating Surplus (\$'000)	26
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Being the operating surplus (deficit) before capital amounts .

(4%)	Operating Surplus Ratio	0%
	<u>Operating Surplus</u>	
	Rates - general & other less NRM levy	

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

6,959	Net Financial Liabilities (\$'000)	9,730
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

31%	Net Financial Liabilities Ratio	41%
	<u>Net Financial Liabilities</u>	
	Total Operating Revenue less NRM levy	

1%	Interest Cover Ratio	2%
	<u>Net Interest Expense</u>	
	Total Operating Revenue less NRM levy less Investment Income	

Asset Sustainability Ratio

107%	<u>Net Asset Renewals</u>	126%
	Depreciation Expense	

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

65%	Asset Consumption Ratio	86%
	<u>Carrying value of depreciable assets</u>	
	Gross value of depreciable assets	

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

2. NEW AUDIT FINDINGS IDENTIFIED IN 2014-15

<h3>2.1: Leave Policies</h3>	Moderate
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Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>Effective February 2014, a suite of policies were revoked by Council including Annual Leave & Long Service Leave Policies. Council now solely relies on the relevant award provisions for such matters which may not cover all the principles of leave including the eligibility and entitlement, taking of leave and the expectations and requirements for effective leave management.</p> <p><u>Impact</u></p> <p>In the absence of clearly documented policies, the behavior of staff may not reflect the objectives, culture and values of council.</p>	<p>Council reviews relevant award provisions and ensure all aspects of leave are covered, including the management of leave balances.</p>	<p>In place of the former Corporate Leave Policies the administration has introduced a monthly reporting regime for all employee leave types.</p> <p>Senior Managers are provided with monthly balances of <u>all</u> leave types including:</p> <ul style="list-style-type: none"> • Annual Leave • Sick Leave • Long Service Leave • TOIL <p>In addition the CEO receives a monthly management leave balance report for <u>all</u> employees.</p> <p>This ongoing, regular monitoring program identifies any excessive leave balances and if necessary leave plans are established to reduce Council's liability.</p>

2.2: Risk Management

Moderate

Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>The 2006-2010 Risk Register has not been reviewed recently. Audit acknowledges that risks related to Council's operations are usually discussed at audit committee and council meetings.</p> <p><u>Impact</u></p> <p>It is a good practice to maintain a risk register to ensure that all the risks are identified for the areas the Council considers critical and that these risks are adequately addressed. Risk registers also promote transparency in risks identification and assist Councils in ensuring smooth succession in case of changes in senior management.</p>	<p>Council to continuously develop the risk register and review at least annually to make sure it is relevant and up to date with a variety of risks facing council.</p> <p>We understand that an update on the Risk Register review process went to the May15 Audit Committee Meeting and that a simultaneous review of Council's Risk Register and Business continuity Plan is proposed in 2015.</p> <p>Guidance/assistance is being sought from LG Risk Services.</p>	<p>Council's Risk Management Framework Policy reviewed by the Audit Committee/Council in July/August 2015.</p> <p>A commitment is provided by the administration to review by 2006 - 2010 Risk Register as a matter of priority as part of Council's overall re-development of its Risk Management Framework.</p> <p>Council notes the excellent results achieved in its 2015 Risk Management Review.</p>

2.3: Lady Nelson Visitor Information Centre Stock Control

Low Risk

Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>There were instances of stock on hand amounts being higher than the numbers recorded in the stock system and some items shown in minus amounts in the system. This would suggest that stock records were not updated when goods were received. Stock records are confirmed through a stock count on a quarterly basis.</p> <p>The total dollar value of the Lady Nelson Visitor Information Centre stock is minor when considered in the context of the Council's financial statements, but it is important to maintain a culture of control and accountability within council operations.</p> <p><u>Impact</u></p> <p>The reliability of the stock system may be compromised if the system is not updated when new stock arrives. This increases the difficulty of keeping track of stock loss or damage.</p>	<p>Review procedure for updating stock records when goods are received and keep a record of quarterly stock takes, signed off by the responsible staff members.</p>	<p>Council Administration review stock control processes at The Lady Nelson and introduce new controls/ processes to address the issued identified at Audit.</p>



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9 October 2015

Mr A Lee
Mayor
City of Mount Gambier
PO Box 56
Mount Gambier SA 5290

Dear Mr Lee,

Re: Audit Clearance and Management Letter

We have completed our audit of the 2014-15 financial statements and we thank the management and staff of the Council for their assistance.

We have attached our management letter detailing the findings from the final audit. We also provided a management letter after the interim audit.

We identified the following immaterial uncorrected statement:

- Sick leave provision is understated by approximately \$78,000 compared to the nominal vesting amount recorded in leave records (\$97,000 in 2014). Council has elected to progressively recognize the amount over five years in line with budget strategy.

We intend to issue an unqualified audit opinion and we request that Council provide the signed certifications of the financial statements and auditor independence. We will then provide the audit certificate.

We wish to thank the Council for the opportunity to provide audit services.

Yours sincerely,

Simon Smith FCPA, Registered Company Auditor
Partner



Accountants, Auditors & Business Consultants

City of Mount Gambier

Management Letter (final audit)

09/10/2015

Table of Contents

1.1 Background	3
1.2 Objectives and Scope	3
1.3 Overall Review of the Council's Internal Controls and Policies	4
1.4 Category of Findings	5
1.5 New Findings Identified in 2014-15	6
1.6 Summary of Repeated Findings from previous years	6
2. NEW AUDIT FINDINGS IDENTIFIED IN 2014-15	7
2.1: Assets received free of charge	7
2.2: Time off in lieu (TOIL) Balances	8
3. REPEATED FINDINGS FROM PREVIOUS YEARS	9
3.1: Annual Leave Entitlements	9
3.2: Asset Management - Asset Registers.....	10

1. EXECUTIVE SUMMARY

1.1 Background

We recently completed our final audit for the City of Mount Gambier. The staff members were helpful and professional and readily located records we requested.

During our final audit we performed substantive procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement due to error or fraud.

While we assume no responsibility to design audit procedures to identify matters to report to you, we communicate any matters encountered during the course of our audit which we believe should be brought to Council's attention.

This does not mean that there are no other matters of which Council should be aware in meeting its responsibilities, nor does this report absolve Council from taking appropriate action to meet these responsibilities.

1.2 Objectives and Scope

The objective of our audit was to obtain reasonable assurance that the financial report presents fairly, in all material respects, the financial position of City of Mount Gambier as at 30 June 2015 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

During our interim audit we performed procedures to gain an understanding of the internal controls in place relevant to the financial statements and performed tests of design and effectiveness for these controls. Based on the results of the control testing, we then assessed the audit risks to define the extent and nature of our substantive procedures for our final visit. An interim management letter was issued on 4th August 2015.

During our final audit we focussed on the account balances and notes disclosures presented in the financial report. Examples of substantive procedures performed at final audit include inspection of documents, recalculation, reconciliation, analytical analysis of balances, external confirmation and reperforming procedures adopted by the entity. Our audit opinion is expressed on the auditor's report. We report in this final management letter matters that we believe should be brought to Council's attention.

The audit is not designed or intended to detect all weakness related to internal control, nor is it designed or intended to identify all instances of fraud or error. Limitations of the audit process include that it is not performed continuously throughout the period, internal controls tests are focused on key controls based on professional judgement and risk assessment and the tests performed are on a sample basis. Because of the inherent limitations of any internal controls structure, including the reliance on human intervention and the possibility of management override, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

1.3 Overall Review of the Council’s Internal Controls and Policies

During our final visit we noted that most of the financial controls considered as key controls by the audit were in place and were operating effectively. None of the issues identified during our audit are classified as high risk and most of the issues raised in last year's final management letter have been addressed by management.

The final management letter from last year provides four performance improvement observations related to annual leave entitlements, BAS, audit committees minutes and asset management. The table below summarises the performance of the Council in addressing the management letter points from last year.

Areas	Response from Management
Annual Leave Entitlements	Partially completed
BAS / GL discrepancy	Completed
Audit Committee Minutes not signed	Completed
Asset register / GL discrepancy	Partially completed

The issue related to leave entitlements has been partially completed as Council has consolidated its internal reporting processes on leave. The issue related to asset register / GL discrepancy has been partially completed as the variance has been mostly corrected. The BAS/GL discrepancy has been resolved and Audit Committee minutes are now being signed.

Audit identified two new issues related to recognition of assets recognised free of charge and time off in lieu (TOIL) balances.

Areas	Nature of finding
Assets received free of charge	Opportunity to review accounting policy for road infrastructure received free of charge from developers
TOIL balances	New balances recognised and a number of large balances

Amendments to s129 of the Local Government Act 1999 require auditors to provide an opinion regarding internal controls of Councils. This applies to non-prescribed (regional) Councils from 2015-16 onwards. This opinion focuses on Councils obligations under s125 of the Local Government Act 1999.

Most of the financial internal control policies that are required to be in place to address the requirements of amendments to s129 of the Local Government Act 1999 have been approved by Council.

It is important to highlight that our final audit was focused on obtaining reasonable assurance that the financial report presents fairly, in all material respects, and it does not represent an assessment of compliance with Council’s obligations under s125 of the Local Government Act 1999.

1.4 Category of Findings

In order to assist the Council in setting priorities we have classified our findings in accordance with our risk assessment. This risk assessment is focussed on risk of material misstatements in the financial statements which is the primary purpose of our audit.

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

A table defining the risk ratings used by audit to classify the findings can be seen below:

Category	Description
High Risk	The issue described could lead to a material misstatement in the Council's financial statements.
Moderate	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 misstatement in the Council's financial statements.
Low Risk	The issue described is a low risk weakness due to the existence of compensating controls and the failure or absence of the internal controls does not impact significantly on the Council's financial statements. 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.
Better Practice	The issue described has been included in this report as an opportunity for better practice.

1.5 New Findings Identified in 2014-15

Finding	Description	Risk
2.1	<p><u>Assets received for no consideration</u></p> <p>Audit noted that part of the increase in value of infrastructure assets resulting from the revaluation related to first time inclusion of assets received free of charge. There is an opportunity for Council to consider its accounting policy for such assets, and book revenue when this occurs rather than including in the revaluation adjustment, which goes directly to equity.</p>	Moderate
2.2	<p><u>TOIL Balances</u></p> <p>TOIL balances for inside staff have been recognised for the first time. There are twelve employees with more than 40 hours TOIL accrued as at 30 June 2015.</p>	Low

1.6 Summary of Repeated Findings from previous years

Finding	Description	Risk
3.1	<p><u>Annual Leave Entitlements</u></p> <p>Audit identified during the 2014-15 final audit that there were a number of staff with annual leave balances in excess of 300 hours</p>	Low
3.2	<p><u>Asset Management - Asset Registers</u></p> <p>Differences were noted between the asset register and the general ledger. The difference has reduced significantly since last year</p>	Low

2. NEW AUDIT FINDINGS IDENTIFIED IN 2014-15

2.1: Assets received free of charge		Moderate
Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>Audit noted that part of the increase in value of infrastructure assets resulting from the revaluation related to first time inclusion of assets received free of charge.</p> <p>From time to time developers build roads and hand them over to Council. These are not currently taken to the general ledger at the time they occur, but they could in fact be booked as revenue.</p> <p>There is an opportunity for Council to consider its accounting policy for such assets, and book revenue when this occurs rather than booking a periodic revaluation adjustment, which goes to equity.</p> <p><u>Impact</u></p> <p>Council could improve its reported financial position by recognising revenue when it occurs rather than recognising revaluation increments.</p>	<p>Council to consider its policy for recognising assets received free of charge.</p>	

2.2: Time off in lieu (TOIL) Balances

Low

Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>Council has recognised TOIL balances for inside staff for the first time.</p> <p>There were twelve staff (inside and outside) with TOIL balances in excess of 40 hours. The total value of TOIL for all staff was \$93,000.</p> <p><u>Impact</u></p> <p>TOIL balances may be excessive and exceed the allowable balances under the relevant EB. Staff not taking TOIL may lead to health safety and welfare issues and increase the ability to conceal fraud. In the case of promotion, TOIL may be paid out or taken at a higher rate of pay than that at which it was accrued.</p>	<p>Council to ensure that employees do not accumulate excessive annual leave balances.</p>	

3. REPEATED FINDINGS FROM PREVIOUS YEARS

<h3>3.1: Annual Leave Entitlements</h3>	Low
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Issues and Impact	Recommendations	Management Response
<p><u>Issues</u></p> <p>Audit noted in 2013-14 that there were four staff with leave balances in excess of eight weeks (40 days). As at 30 June 2015, there were eight staff with leave balances in excess of eight weeks. The largest balance of 45.8 days is similar to last year. Management has advised us of recent changes to leave management processes:</p> <p><i>Senior Managers are provided with monthly balances of <u>all</u> leave types including annual leave, sick leave, long service leave and TOIL.</i></p> <p><i>In addition the CEO receives a monthly management leave balance report for <u>all</u> employees.</i></p> <p><i>This ongoing, regular monitoring program identifies any excessive leave balances and if necessary leave plans are established to reduce Council's liability.</i></p> <p>The effectiveness of the processes will be measured by the improvement or deterioration in the extent of excessive leave balances over the next twelve months.</p> <p><u>Impact</u></p> <p>Leave balances may be excessive and exceed the allowable balances under the relevant EB. Staff not taking leave may lead to health safety and welfare issues and increase the ability to conceal fraud. In the case of promotion, leave may be paid out or taken at a higher rate of pay than that at which it was accrued.</p>	<p>Council to ensure that employees do not accumulate excessive annual leave balances.</p> <p>Council to review the effectiveness of the leave management processes during 2015-16.</p>	

3.2: Asset Management - Asset Registers

Low

Issues and Impact	Recommendation/s	Management Response
<p><u>Issues</u></p> <p>Audit noted in 2013-14 that roads and footpaths infrastructure asset register totals did not agree with the general ledger, the variance being \$225,000. However, the Life to Date valuation report did agree with the general ledger.</p> <p>Council was to review the matter with software provider Civica.</p> <p>At 30 June 2015, the variance had reduced to \$24,000.</p> <p><u>Impact</u></p> <p>Risk of financial statements being misstated if general ledger balances are not supported by asset registers. Risk has been classified as low as the variance is small and has been reduced. The issue is of interest mainly as to why it occurs, and to ensure that it does not result in a future material variance.</p>	<p>Council to continue to work with the software provider to resolve the variance.</p>	

Financial Statements 2014/15

Financial Commentary (000's)

Operational Result

The City of Mount Gambier generated an operating surplus of \$1,045 which was ahead of budget. The original budget was for a deficit of \$44 and in the previous year 2013/14 a deficit of \$668 was recorded.

The Federal Government re-commenced the previous practice of paying the (FAG) payments in advance impacted on this result. \$1,317 was received on 30 June 2015 which was for payment of the first two instalments of the 2015/16 grant.

The impact of the forward payments of these grants is that the income must be reported on the date of receipt resulting in a distortion to both 2015 & 2016 years' operating result.

Asset Revaluation

In association with our policy, effective 1 July 2014 Council completed revaluations of Land, Building/Structures, Infrastructure and Plant.

The Building Price Index (BPI) was used to calculate an increase of 0.5% for Land and Building/Structures and Council officers valued Infrastructure and Plant at depreciated current replacement cost.

The amount of these revaluations was:-

Asset Type	Net Increments
Land	204
Buildings/Structures	434
Infrastructure	32,568
Plant & Equipment	254

Capital Expenditure

During the year \$9,251 was spent on capital projects. The major items are categorised as follows:-

Land	16
Building/Structures	3,772
Infrastructure	4,202
Plant & Equipment	963
Minor Plant	25
Office Equipment	145
Other	128

Major Capital Projects

The following projects were undertaken during the financial year:-

- Caroline Landfill Cell 3
- Blue Lake Solar Lighting
- Railway Lands
- Old Hospital Laundry Refurbishment
- City Centre Streetscaping

Significant Events

Surplus properties located at 38 & 40 James Street were sold in September 2014 for \$612 with the proceeds utilised for debt reduction.

Expenses Summary

Type	2015	2014
Employee	9,197	8,772
No of Emp's	116	118
Contractors	2,857	2,886
Energy	956	877
Depreciation	6,649	5,907

Financial Statements 2014/15

Financial Commentary (000's)

Summary of Financial Results					
	2014/15	2013/14	2012/13	2011/12	2010/11
INCOME					
Rates	17,641	16,826	15,772	14,881	13,872
Statutory charges	417	378	357	310	340
User charges	3,706	3,530	3,393	3,157	2,293
Grants, subsidies & contributions	3,604	1,278	2,232	3,101	2,024
Investment income	29	32	31	141	327
Reimbursements	350	229	191	598	502
Other income	363	467	476	267	274
Total Income	26,110	22,740	22,452	22,455	19,632
EXPENSES					
Employee costs	9,197	8,772	8,318	7,983	7,286
Materials, contractors & other	8,920	8,467	7,837	9,004	8,136
Depreciation, amortisation & impairment	6,649	5,907	5,662	5,491	4,995
Finance costs	299	262	336	560	325
Total Expenses	25,065	23,408	22,153	23,038	20,742
OPERATING SURPLUS / (DEFICIT)	1,045	(668)	299	(583)	(1,110)
Asset disposal & fair value adjustments	58	(3,227)	(1,838)	(162)	290
Amounts for new or upgraded assets	796	3,064	835	1,874	2,792
Physical resources received free of charge	-	-	-	-	-
NET SURPLUS / (DEFICIT)	1,899	(831)	(704)	1,129	1,972
Other Comprehensive Income					
Changes in revaluation surplus – infrastructure, p,p&e	33,460	-	-	53,339	-
Total Other Comprehensive Income	33,460	-	-	53,339	-
TOTAL COMPREHENSIVE INCOME	35,359	(831)	(704)	54,468	1,972

Summary of Financial Performance					
	2014/15	2013/14	2012/13	2011/12	2010/11
Operating Surplus Ratio	6%	(4%)	2%	(4%)	(8%)
Net Financial Liabilities Ratio	26%	31%	23%	27%	9%
Assets Sustainability Ratio	53%	107%	85%	52%	51%

Audit Committee

Council's Audit Committee was initially established in November 2006, as required under Section 126 of the Local Government Act.

Council's Audit Committee comprises two persons independent of Council, one Council Member and is supported by Council staff and Council's appointed external Auditor.

Council's Audit Committee meets on a quarterly basis but has the ability to schedule further meetings if required. The Committee met on four (4) occasions during the 2014/2015 financial year with all Members present at all meetings.

Matters examined by the Audit Committee included:

Principal Issues Examined	
External Auditor	2014 Interim Audit
External Auditor	2014 Statutory Audit
External Auditor	Meeting Attendance
Audit Committee	2014 Annual Report to Council
Policy Reviews	Fraud and Corruption framework Whistleblowers Policy Internal Control Policy Monitoring Budget Performance
Long Term Financial Plan	Review of Long Term Financial Plan
Risk Management	Policy review Business continuity
Financial Internal Controls	New legislation
Treasury Management	Annual Report Periodic Review
Council Annual Report	
Draft Business Plan and Budget	
Budget Reviews (6 of)	
Information Reports	Various
Annual Financial Statements	2014/2015
Financial Sustainability	Key Financial Indicators
Asset Management	Update of Plan

The Audit Committee activities follow its adopted Work Program 2007-2014 which incorporates annual reviews of the Committees Terms of Reference and a self assessment of its own performance.

The Committee's Terms of Reference, Annual Report to Council and Work Program are available from Council's website.

CORPORATE AND COMMUNITY SERVICES REPORT NO. 53/2015

SUBJECT: SA GRANTS COMMISSION 'DATABASE' REPORT

REF: AF13/458

Goal: Governance

Strategic Objective: (vi) Establish measures for Council's performance and continually compare against community expectations.

(vii) Engage with national, state, regional and local forums and partnerships to provide solutions and options to continually improve Councils service deliver and performance.

Each year the SA Local Government Grants Commission prepares what is commonly known as 'database' reports which are derived from South Australian Councils Annual Financial Statements and General Information Returns.

The Database Reports are as follows:

- Report 1 – General Information;
- Report 2 – Sources of Operating Revenue;
- Report 3 – Operating Expense Information;
- Report 4 – Net Outlays on Non-Financial Assets;
- Report 5 – Summary Balance Sheet Information;
- Report 6 – Council Rating Arrangements;
- Report 7 – Net Financial Liabilities;
- Report 8 – Financial Indicators;
- Report 9 – Operating expenses;
- Report 10– Operating Income.

These detailed reports incorporating a range of financial statistics for all South Australian Councils have now been received for the 2013/2014 financial year.

Provided, as attachments to this Report is a range of data drawn from Council's 2013/2014 Annual Financial Statements submitted to the SA Local Government Grants Commission.

FINANCIAL COMPARATIVE REPORTS

Relevant financial data extracted from the database reports has been assembled, in comparative format with other 'like' Councils, under four (4) major headings i.e.

- Financial Comparison
- Expenditure Comparison
- Revenue Comparison
- Rates Comparison

TIME SERIES REPORTS

From the Comparative Reports, further data has been extracted and assembled in a 'time series' format in order to track Councils key financial statistics over the past five (5) financial years.

Corporate and Community Services Report No. 53/2015 cont'd...

These Time Series Reports have been arranged under the following headings:

- Employee/Operating
- Assets
- Financial
- Rating

These statistics also find their way into Council's Annual Report.

RATING COMPARISONS

The Australian Classification of Local Governments (ACLG) categorises Councils using the population, population density and the proportion of the population that is classified as urban for the Council.

All Local Governments who receive general purpose financial assistance grants via Grants Commission are classified according to ACLG categories.

The above categories are defined as:

- URS: Urban Regional Small
- URM: Urban Regional Medium
- UFS: Urban Fringe Small

The majority of other SA Councils are classified in "Rural" or "Urban" large (metro) categories.

SA Councils categorised as "urban" (regional or fringe) have been used in the table below for comparative purposes:

Council	ACLG	Population (ERP) 2014	Total Rates \$	Rates as % of revenue	Res Rates/ Res Prop \$
Mount Gambier	URS	26,246	16,826	74	1,099
Murray Bridge	URS	20,740	18,613	63	1,491
Port Augusta	URS	14,557	15,110	48	1,487
Port Lincoln	URS	14,888	10,942	72	1,338
Victor Harbour	URS	14,938	17,468	78	1,750
Whyalla	URS	22,754	17,188	68	1,314
Mount Barker	URM	31,950	28,632	78	1,657
Alexandrina	UFS	25,136	31,065	84	1,608
Barossa	UFS	22,964	26,157	77	1,548
Gawler	UFS	22,219	17,166	78	1,520
State Average				73	1,368
URS/URM/UFS Average				72	1,481

In 2013/2014 the City of Mount Gambier residential rates per rateable property (\$1099) were 80% of the State average (\$1,368) or 20% below the State average.

Corporate and Community Services Report No. 53/2015 cont'd...

In the previous financial year (2012/2013) this figure was 79% of the State average or 21% below the State average.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 53/2015 be received;
- (b) Corporate and Community Services Report No. 53/2015 be referred to Council's Audit Committee for further review.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

21st August, 2014
FM

(Refer Item of Corporate and Community Services Minutes)

**S A Local Government Grants Commission database comparative reports 2013/2014
FINANCIAL COMPARISON**

COUNCIL	TOTAL ASSETS (\$000)	TOTAL LIABILITIES (\$000)	TOTAL EQUITY (\$000)	TOTAL FINANCIAL ASSETS (\$000)	NET FINANCIAL LIABILITIES (\$000)	OPERATING SURPLUS RATIO (%)	NET FINANCIAL LIABILITIES RATIO (%)	ASSET SUSTAINABILITY RATIO (%)
Alexandrina	418,339	35,780	382,559	5,768	30,012	(5)	83	41
Barossa	300,479	24,788	275,691	10,795	13,993	0	43	116
Gawler	207,980	16,579	191,403	5,880	10,697	(53)	49	119
Mount Gambier	197,640	9,418	188,222	2,459	6,959	(4)	31	244
Murray Bridge	264,970	16,016	248,954	8,387	7,629	(11)	26	(6)
Port Augusta	209,604	35,967	173,637	7,093	28,874	(42)	92	47
Port Lincoln	168,656	5,058	163,600	4,341	717	(2)	5	311
Victor Harbor	262,007	17,428	244,579	5,151	12,277	5	56	80
Whyalla	251,466	13,983	237,483	4,297	9,686	(16)	40	171

**S A Local Governments Grants Commission database comparative reports 2013/2014
EXPENDITURE COMPARISON**

COUNCIL	Estimated Resident Population 30 June 2014	Employee Costs (\$000)	MATERIALS, CONTRACTS AND OTHER EXPENSES (\$000)	FINANCE COSTS (\$000)	DEPRECIATION, AMORTISATION AND IMPAIRMENT (\$000)	TOTAL OPERATING EXPENSES (\$000)	OPERATING SURPLUS/ (DEFICIT) (\$000)
Alexandrina	25,136	11,873	15,738	1,576	9,257	38,461	(1,549)
Barossa	22,964	10,913	13,990	1,277	6,534	32,719	76
Gawler	22,219	8,211	9,626	811	12,237	30,919	(8,914)
Mount Gambier	26,246	8,772	8,467	262	5,907	23,408	(668)
Murray Bridge	20,740	13,480	11,202	618	6,080	31,477	(1,976)
Port Augusta	14,557	16,236	14,475	1,113	5,942	37,766	(6,176)
Port Lincoln	14,888	3,799	8,886	12	2,784	15,481	(192)
Victor Harbor	14,938	7,899	7,788	869	4,995	21,551	875
Whyalla	22,754	9,395	12,253	169	5,993	27,810	(2,694)

**S A Local Government Grants Commission database comparative reports 2013/2014
REVENUE COMPARISON**

COUNCIL	TOTAL RATES (\$000)	STATUTORY CHARGES (\$000)	USER CHARGES (\$000)	GRANTS, SUBSIDIES AND CONTRIBUTIONS (\$000)	INVESTMENT INCOME (\$000)	REIMBURSEMENTS (\$000)	OTHER REVENUES (\$000)	TOTAL OPERATING REVENUE (\$000)
Alexandrina	31,065	833	2,260	1,724	77	407	506	36,912
Barossa	25,157	583	2,365	2,624	304	953	792	32,795
Gawler	17,166	648	1,396	2,061	161	366	53	22,005
Mount Gambier	16,826	378	3,530	1,278	32	229	467	22,740
Murray Bridge	18,613	587	2,277	6,949	145	313	617	29,501
Port Augusta	15,110	314	4,624	9,302	232	365	1,643	31,950
Port Lincoln	10,942	264	1,163	1,120	171	582	1,047	15,289
Victor Harbor	17,468	426	2,086	1,203	178	591	434	22,426
Whyalla	17,188	494	3,405	2,729	60	108	1,132	25,116

**S A Local Governments Grants Commission database comparative reports 2013/2014
RATES COMPARISON**

COUNCIL	Estimated Resident Population 30 June 2014	Number of Rateable Properties January 2014	Capital Value January 2014 (\$Mil)	Total Rates (\$000)	Number of Rateable Residential Properties as at January 2013	Total Residential Rates (\$000)	Total Residential Rates per rateable residential Property (\$)	Total Rate Revenue % Increase/Decrease
Alexandrina	25,136	18,145	6,386	31,065	11,854	19,056	1,608	6.7 %
Barossa	22,964	12,477	4,338	25,157	8,084	12,514	1,548	4.9%
Gawler	22,219	10,746	3,106	17,166	8,419	12,794	1,520	7.0 %
Mount Gambier	26,246	14,145	3,170	16,826	11,457	12,596	1,099	6.7%
Murray Bridge	20,740	11,688	2,703	18,613	7,539	11,242	1,491	4.8%
Port Augusta	14,557	7,556	1,613	15,110	6,253	9,301	1,487	6.4%
Port Lincoln	14,888	8,393	2,358	10,942	6,349	8,498	1,338	5.6%
Victor Harbor	14,938	10,719	3,748	17,468	7,673	13,431	1,750	8.1%
Whyalla	22,754	12,095	2,402	17,188	10,617	13,949	1,314	10.8%

Local Government Grants Commission Database Time Series Reports

FINANCIAL

Year	Total Liabilities	Total Financial Assets	Net Financial Liabilities	Total Equity	% Operating Surplus Ratio	Net Financial Liab. Ratio %	Asset Sustainability Ratio %
2009/10	9,059,000	11,334,000	(2,275,000)	133,317,000	2	(12)	55
2010/11	12,534,000	10,818,000	1,716,000	135,289,000	(8)	9	51
2011/12	8,432,000	2,451,000	5,981,000	211,612,000	(4)	27	52
2012/13	7,070,000	2,072,000	4,998,000	189,053,000	2	23	85
2013/14	9,418,000	2,459,000	6,959,000	188,222,000	(4)	31	244

Local Government Grants Commission Database Time Series Reports

ASSETS

Year	Cash / Cash Equiv.	Other Receivables	Inventories	Land	Buildings	Infrastructure	Plant, Equipment	Other Assets	Total Assets
2009/10	9,696,000	1,638,000	44,000	28,012,000	53,120,000	43,618,000	4,842,000	1,406,000	142,376,000
2010/11	8,298,000	2,520,000	35,000	28,363,000	56,215,000	45,263,000	4,704,000	2,425,000	135,289,000
2011/12	981,000	1,470,000	47,000	41,026,000	112,109,000	56,625,000	4,840,000	2,946,000	220,044,000
2012/13	675,000	1,397,000	40,000	41,188,000	87,340,000	58,186,000	4,627,000	2,670,000	196,123,000
2013/14	1,173,000	1,286,000	37,000	40,858,000	86,810,000	60,343,000	4,749,000	2,384,000	197,690,000

Local Government Grants Commission Database Time Series Reports

RATING

Year	Estimated Population	Ratable Properties	Capital Value of Rateable Properties	Total Rates	No. of Residential Properties	Total Residential Rates	Total Res Rates per Property
2009/10	26,128	13,441	2,879,000	12,689,000	10,760	9,206,000	856
2010/11	26,206	13,801	3,171,000	13,872,000	11,276	10,157,000	901
2011/12	25,911	13,937	3,209,000	14,881,000	11,276	11,474,000	1,018
2012/13	26,092	14,037	3,127,000	15,772,000	11,317	11,688,000	1,033
2013/14	26,246	14,145	3,170,000	16,826,000	11,457	12,596,000	1,099

Local Government Grants Commission Database Time Series Reports

EMPLOYEE / OPERATING

Year	Employees FTE	Employee Costs	Operating Exp	Operating Rev	Operating Surplus / (Deficit)
2009/10	107	6,610,000	18,459,000	18,733,000	274,000
2010/11	110	7,286,000	20,742,000	19,632,000	(1,110,000)
2011/12	112	7,983,000	23,038,000	22,455,000	(583,000)
2012/13	116	8,318,000	22,153,000	22,452,000	299,000
2013/14	118	8,772,000	23,408,000	22,740,000	(668,000)