

AGENDA

Audit and Risk Committee Wednesday 24 September 2025



I hereby give notice that an Audit and Risk Committee will be held on:

Time: 4:30 pm
Date: Wednesday 24 September 2025
Location: Reception Area - Civic Centre
10 Watson Terrace, Mount Gambier



Andrew Aitken
INTERIM CHIEF EXECUTIVE OFFICER
19 September 2025

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1 ACKNOWLEDGEMENT OF COUNTRY

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 FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGIES

Nil

3 CONFIRMATION OF MINUTES

3.1 CONFIRMATION OF MINUTES

RECOMMENDATION

That the minutes of the Audit and Risk Committee Meeting held on 4 June 2025 be confirmed as an accurate record of the proceedings of the meeting.

4 QUESTIONS WITHOUT NOTICE

5 REPORTS

5.1 AUDIT AND RISK COMMITTEE SELF-ASSESSMENT REVIEW 2024/2025

Author: Kahli Rolton, Manager Financial Services
Authoriser: Andrew Aitken, Interim Chief Executive Officer
Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

RECOMMENDATION

1. That the Audit and Risk Committee Report 'Audit and Risk Committee Self-Assessment Review 2024/2025' as presented on Wednesday 24 September 2025 is endorsed by the Committee to table at the next meeting of Council.
2. That the Audit and Risk Committee has completed a self-assessment of performance and agrees that xx out of 10 performance areas were met and this will be reflected in the Audit and Risk Committee Annual Report.

PURPOSE

The purpose of this report is to table the Audit and Risk Committee's (the Committee) self assessment review for 2024/2025 financial year.

TERMS OF REFERENCE

14.2 Self Assessment Reports - The Committee will at least once a year, review its own performance and provide a Self Assessment Report to the CEO for tabling at the next Council meeting.

RELEVANT LEGISLATION

Local Government Act 1999—30.11.2023

Section 126 (4) The functions of a council audit and risk committee include

- a. reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- b. proposing, and providing information relevant to, a review of the councils' strategic management plans or annual business plans; and
- c. monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and
- d. proposing, and reviewing, the exercise of powers under section 130A; and
- e. liaising with the councils' auditors in accordance with any requirements prescribed by the regulations; and
- f. reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and
- g. (i) in relation to a council that has an internal audit function—
 - (A) providing oversight of planning and scoping of the internal audit work plan; and
 - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or
 (ii) in relation to a council that does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and
- h. reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- i. reviewing any report obtained by a council under section 48(1); and
- j. performing any other function determined by the council or prescribed by the regulations.

Section 126 (5)

There must be at least 1 meeting of a regional audit and risk committee in each quarter.

SUMMARY OF IMPLICATIONS AND BENEFITS

Implications

- The Committee would not be compliant with its Terms of Reference or the Local Government Act if a self assessment was not completed and review of the self-assessment did not consider legislative requirements.
- No areas for significant improvement have been identified.

Benefits

- The Committee reviewed its operations and agreed that all 10 performance areas were met for the 2024/2025 financial year. These performance areas are detailed at Table 1 of this Report.
- The Committee provided independent assurance and advice to the Council on a wide range of strategic, financial, governance and risk matters, adding value to the operations of Council.
- The Committee improved the information feedback loop to Council by providing a new meeting report summarising the work of the Audit and Risk Committee that provides greater context to the minutes of the meeting.
- The Committee is made up of suitably qualified and/or experienced members.

DETAILED INCLUSIONS

Table 1: Full details of the self assessment review for 2024/2025.

Area	Comment
Role & Terms of Reference	The Audit and Risk Committee is of the view that functions and extent of authority as defined under S126 Local Government Act are

Area	Comment
	<p>adequately defined in the <i>Terms of Reference</i> established by Council. The last review of the Terms of Reference was performed on 5 February 2025.</p> <p>The Audit and Risk Committee is of the view that its role and function includes the monitoring of financial reporting and management, internal controls and risk management systems, the effectiveness of internal audit functions and the external audit arrangements.</p>
Independence	<p>Independent Opinions/Views - The Audit and Risk Committee is of the view that it is able to form opinions and express views independently without perceiving a conflict of interest based on their current position within or outside Council.</p> <p>Council Staff Attendance - The Audit and Risk Committee believes that the invited attendance of the CEO, a General Manager, the Manager Financial Services, or other Council staff at times, provides direction without influence. Continued attendance is desirable.</p>
Committee Skills/Training	<p>Selection - The Audit and Risk Committee is of the view that its members have been selected due to their qualifications and expertise and their combined qualifications and experience allow it to perform its role appropriately.</p> <p>Skills/Experience - Members' backgrounds include a combination of financial management, accounting, risk management, internal control and/or external audit experience and exposure within the local government context. Members have access to relevant and ongoing professional training.</p>
Work Program	<p>2025 Program - The Audit and Risk Committee's work program for 2025 met its areas of focus and the Audit and Risk Committee recognises that its work program can be updated based on changing expectations and/or to address topical issues and emerging trends.</p> <ul style="list-style-type: none"> • Annual Report - A draft of the Audit and Risk Committee Annual Report is attached which contains: <ul style="list-style-type: none"> ○ a summary of workshops, meeting and attendances during 2025 ○ a copy of the annual work plan (latest version) ○ a summary of reports presented at meetings during 2025
Council Structure and Decision Making	<p>Council - The Audit and Risk Committee are aware of the processes of Council, Council's organisational structure and decision-making processes.</p> <p>Documentation - Audit and Risk Committee members are provided with copies of financial statements, policies and reports of Council if and when relevant. In the 2024/2025 Financial Year Council staff will continue to present and discuss relevant financial policies and processes to promote transparency and understanding.</p>
Meeting Operation and Frequency	<p>Frequency - 7 Audit and Risk Committee meetings were held in 2024/2025 with all 7 being ordinary meetings and no special meeting which has exceeded the Terms of Reference requirement to meet at a minimum of four times a year.</p> <p>Local Government Act 1999 Section 126 (5) (from 30 November 2023) - There must be at least 1 meeting of a council audit and risk committee in each quarter.</p>
Resources available to the Audit and Risk Committee	<p>Staff Resources - The Audit and Risk Committee utilises the resources of Council through the attendance of the external audit service provider, the CEO, the General Manager Corporate and Regulatory Services, the Manager Financial Services and other employees as requested.</p> <p>External Auditors - The Audit and Risk Committee has liaised with external auditors and Council employees as required in order to meet</p>

Area	Comment
	<p>its role and terms of reference. The Audit and Risk Committee has met with the auditor twice during the last financial year for balance date and interim audit.</p> <p>Internal Auditors – The Audit and Risk Committee has met with independent consultants who undertook internal audits during the financial year to discuss their findings and recommendations.</p>
<p>Audit and Risk Committee’s working relationship with Council and the senior management team</p>	<p>Role & Function - Council appears to be aware of role and function of Audit and Risk Committee. Presence of CEO, the Manager Financial Services and the General Manager Corporate and Regulatory Services assists the Audit and Risk Committee in decision achievement.</p>
	<p>Support - No issues of conflict have arisen. The Audit and Risk Committee recognises the significant role played by Council employees to address and advise the Committee.</p>
<p>The Audit and Risk Committee’s access to appropriate Council information</p>	<p>Oversight - The Audit and Risk Committee notes its oversighting role regarding financial and risk management within Council. Although it has no operational responsibility it has access to necessary information to perform its review role around the policies, procedures and compliance related to policies and procedures guiding decisions with major financial or risk implications.</p>
	<p>Works Program - The Audit and Risk Committee is able to contribute to the Annual Works Program incorporating any subjects it determines to be either topical or of consistent interest to the committee or actual or perceived risk to Council.</p>
<p>The extent to which the Audit and Risk Committee’s advice is contributing to the effective operation of the Council</p>	<p>Terms of Reference - The Audit and Risk Committee recognises that its role and terms of reference are a requirement of the Local Government Act. Members are cognisant of their requirements, roles and responsibilities.</p>
	<p>Function and Role - The Audit and Risk Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers.</p>
	<p>Feedback – A new meeting report was introduced in 2024/2025 to provide further context and summarise the work of the Audit and Risk Committee to Council following each meeting. This report allows the Committee to provide additional feedback and advice for Council consideration.</p>
	<p>Policies – Numerous Council policies were reviewed including:</p> <ul style="list-style-type: none"> • Request for Service and Complaint Procedure • Internal Review of Council’s Decision • Emergency Management • Treasury Management • Budget • Asset Accounting
<p>Internal Audit – The Audit and Risk Committee received formal presentations on:</p> <ul style="list-style-type: none"> • Procurement • Contract Management 	

DETAILED IMPLICATIONS

Financial and Budget	<p>Provision was made in the annual budget for 2023/2024 and 2024/2025 to include \$20,000 for internal audit services to continue with the internal audit work plan.</p> <p>Per Terms of Reference of the Audit and Risk Committee item 1.3, the Committee's functions include review of Council's strategic management plans or annual business plan. The Annual Report shows that the Committee has complied with its terms of reference in June 2025 having reviewed:</p> <ul style="list-style-type: none"> • Annual Business Plan and Budget • Long Term Financial Plan (LTFP) • Asset Management Plans
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RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
Finance	Insignificant (1)	Unlikely (2)	Low	Adequate resourcing allowed to enable delivery of various functions	Reasonable funds available in the annual budget and LTFP. Consider in alignment with work plan.
Reputation	Insignificant (1)	Unlikely (2)	Low	That the self assessment review is accurate, relevant and complete.	Maintain in the annual work plan. Table any improvements that arise.
Legal / Regulatory / Policy	Insignificant (1)	Rare (1)	Low	All requirements under the Local Government Act are met.	Review legislative requirements annually in line with work plan.

RELEVANT COUNCIL POLICY

N/A

IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Engagement has already occurred with members of the Audit and Risk Committee in relation to this self assessment and further discussion will occur at the meeting.

CONCLUSION

The recommendation to Council is that the Audit and Risk Committee's Self Assessment Review for 2024/2025 financial year is adopted.

ATTACHMENTS

Nil

5.2 AUDIT AND RISK COMMITTEE ANNUAL REPORT

Author: Kahli Rolton, Manager Financial Services
Authoriser: Andrew Aitken, Interim Chief Executive Officer

RECOMMENDATION

1. That Council report titled 'Audit and Risk Committee Annual Report' as presented on Wednesday 24 September 2025 be noted.

PURPOSE

The purpose of this report is to table the Annual Report of the Audit and Risk Committee (the Committee) for the financial year ended 30 June 2025.

The Annual Report provides a summary for Council of the work undertaken during the year. Key highlights of the Report include:

- 7 meetings were held in 2024/2025 financial year
- comprehensive work plan including:
 - Financial Reporting and Management
 - Internal Controls and Risk Management
 - Internal Audit
 - External Audit
 - Strategic Management and Business Plans
 - Policy reviews.
- Positive self-assessment review.

Refer Attachment 1 to this Report to review the Annual Report.

TERMS OF REFERENCE

14.5 Regular Reporting - in alignment with Local Government Act s126

RELEVANT LEGISLATION

Local Government Act 1999 (30.11.2023) S126

(8) A council audit and risk committee must -

- (a) provide an annual report to the council on the work of the committee during the period to which the report relates.

(9) A council must ensure that the annual report of its audit and risk committee is included in its annual report.

The Local Government Act, Financial Sustainability Information Paper 3 -
recommends that the Committee provide an annual report to Council.

SUMMARY OF IMPLICATIONS AND BENEFITS

Implications

- The Committee would not be compliant with its Terms of Reference or the Local Government Act if an Annual Report was not prepared.
- Due to their nature, details of any confidential matters reviewed by the Committee have not been included in the Annual Report as it will be publicly available.

Benefits

- The Committee provided independent assurance and advice to the Council on a wide range of strategic, financial, governance and risk matters. Adding value to the operations of Council.

- Whilst the Council receives Minutes of all Audit and Risk Committee meetings held and a report following each meeting providing further context of discussions held, the Annual Report provides a snapshot for easy reference and comparison in future years.

DETAILED IMPLICATIONS

Legal	Local Government Act 1999 s126 requires an annual report. This has been met.
Financial and Budget	Per Terms of Reference of the Audit and Risk Committee item 1.3, the Committee's functions include review of Council's strategic management plans or annual business plan. The Annual Report shows that the Committee has complied with its terms of reference in June 2025 having reviewed: <ul style="list-style-type: none"> • Annual Business Plan and Budget • Long Term Financial Plan • Asset Management Plans

RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
Finance	Insignificant (1)	Rare (1)	Low	Effective	Continue to review internal controls assessments biennially
Reputation	Insignificant (1)	Rare (1)	Low	Effective	Continue Self Assessment Review annually
Legal / Regulatory / Policy	Insignificant (1)	Rare (1)	Low	Effective	Continue to review Council Policies

RELEVANT COUNCIL POLICY

Audit and Risk Committee Terms of Reference, adopted by Council at its meeting held on 18 February 2025.

The Committee reviews numerous Council Policies to provide independent review and advice. In 2024/2025 the following Policies were reviewed:

- Request for Service and Complaint Procedure
- Internal Review of Councils Decisions
- Emergency Management
- Treasury Management
- Asset Accounting
- Budget Framework

IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

The Annual Report of the Committee must be included in the Annual Report of Council.

A copy of the Annual Report will be made available on Council's website following endorsement by Council.

CONCLUSION

The Annual Report of the Audit and Risk Committee for the financial year ended 30 June 2025 provides a snapshot of the comprehensive work plan undertaken throughout the year. A total of 7 meetings were held. Refer Attachment 1 to this Report to review the Annual Report.

ATTACHMENTS

1. Audit and Risk Committee Annual Report [5.2.1 - 7 pages]



AUDIT & RISK COMMITTEE ANNUAL REPORT

JULY 2024 - JUNE 2025

Established under the Local Government Act 1999 by Council to provide independent assurance and advice on accounting, financial management, internal controls, risk management and governance.

The Audit and Risk Committee reviewed and monitored numerous functions adding value to Council's strategic planning, annual financial statements, risk management and internal controls. Highlights for the year included the waste financial modelling, debt refinancing, policy reviews and governance, ESCOSA Local Government advice, biennial review of internal financial controls and associated risk, internal audit program recommendations and actions, and review of Long Term Financial Plan and Annual Budget.

MEETING ATTENDANCE AND MEMBERSHIP

Seven ordinary meetings were held over the course of the 2024/2025 financial year. The meetings were held across the year in July 2024, August 2024, October 2024, November 2024, February 2025, April 2024 and June 2025.

7 meetings	Mr P Duka (Presiding)	Mayor Martin (Ex-Officio)	Cr P Jenner	Mr A Brown	Ms B Johnson
Attendances:	7/7	6/7	6/7	7/7	7/7

INFORMAL PRE MEETINGS & WORKSHOPS

Prior to each formal meeting of the Audit and Risk Committee Council Administration hold pre-meeting briefings separately with the Presiding Member and Council Member at their request.

5
workshops held

- 14 August 2024 - Audit and Risk Committee Update and Waste Financial Modeling**
- 9 January 2025 - Confidential Workshop, Refinancing Options**
- 5 February 2025 - Audit and Risk Committee Update, Rating Review and Update on Budget Preparation**
- 2 April 2025 - Audit and Risk Committee Update, ESCOSA and Internal Financial Controls**
- 4 June 2025 - Audit and Risk Committee Update, Internal Audits, Interim Audit, External Audit**

SELF ASSESSMENT EVALUATION

Self assessment is completed annually by the Committee and covers 10 Broad areas for performance review. The last review was completed 2 April 2025.

10/10
agreed all performance areas are being met

Role & Terms of Reference

- Independence**
- Committee Skills/Training**
- Work Program**
- Council Structure & Decision Making**
- Meeting Operation & Frequency**
- Resources available to the Committee**
- Working Relationship with Council & Senior Management**
- Access to appropriate Council Information**
- Extent that the Committee's advice is contributing to effective operation of Council**

COMMITTEE DECISION MAKING

Report	Work Program Category
29/07/2024 Correspondance Received	Other
29/07/2024 Internal Audit - Payroll and Remuneration	Internal Audit
29/07/2024 Internal Audit - PDI Act - Post Implementation	Internal Audit
29/07/2024 Quarterly Internal Audit Update	Internal Audit
29/07/2024 Lease and Licence Update	Other
29/07/2024 Council Policy Update	Policy Review
29/07/2024 External Audit Interim Management Report 2023/2024	External Audit
29/07/2024 Audit and Risk Committee Meeting Report	Other
14/08/2024 Caroline Landfill 2023/2024 Post Closure Provision Update	Financial Reporting and Management
28/10/2024 Draft 2023/2024 Financial Statements	Financial Reporting and Management



Report	Work Program Reference
28/10/2024 Comparison of Actual to Budget for the year ended 30 June 2024	Financial Reporting and Management
28/10/2024 Audit and Risk Committee Annual Report	Committee Governance
28/10/2024 Audit and Risk Committee Self-Assessment Review 2023/2024	Committee Governance
28/10/2024 Audit and Risk Committee Meeting Report	Other
25/11/2024 Annual review Borrowing and Investments	Treasury Management
25/11/2024 Internal Audit: Amended Plan, Quarterly Update and Project Scope	Internal Audit
25/11/2024 Policy Update	Policy Review
25/11/2024 Policies for Review <ul style="list-style-type: none"> • Request for Service and Complaint Procedure, • Internal Review of Council's Decisions, • Emergency Management and • Treasury Management 	Policy Review
25/11/2024 Lease and Licence Update	Other
25/11/2024 Annual Work Plan and Meeting Schedule	Committee Governance



Report	Work Program Reference
25/11/2024 Audit and Risk Committee Meeting Report	Other
5/02/2025 Strategic Risk Register	Internal Controls and Risk Management Systems
5/02/2025 Work Health Safety (WHS) and Wellbeing Quarterly Report	Internal Controls and Risk Management Systems
5/02/2025 Budget Framework Policy B300	Policy Review
5/02/2025 Review of Terms of Reference	Committee Governance
5/02/2025 Audit and Risk Committee Meeting Report	Other
2/04/2025 Lease and Licence Update	Other
2/04/2025 Policy Update	Policy Review
2/04/2025 Quarterly Internal Audit Update	Internal Audit
2/04/2025 Internal Financial Controls 2024/2025 Self-Assessment and Update from Previous Assessment	Internal Controls and Risk Management Systems



Report	Work Program Reference
2/04/2025 Asset Accounting Policy	Policy Review
2/04/2025 ESCOSA Local Government Advice February 2025	Financial Reports and Management
2/04/2025 External Audit Matters 2023/2024 Update	External Audit
2/04/2025 Audit and Risk Committee Meeting Report	Other
4/06/2025 Draft Annual Business Plan and Budget 2025/2026	Review of Strategic Management and Business Plans
4/06/2025 Draft Long Term Financial Plan for Public Consultation	Review of Strategic Management and Business Plans
4/06/2025 Draft Asset Management Planning Approach	Review of Strategic Management and Business Plans
4/06/2025 Risk Appetite Statement	Internal Controls and Risk Management Systems
4/06/2025 External Audit Interim Management Report 2024/2025	External Audit
4/06/2025 Quarterly Internal Audit Update	Internal Audit



Report	Work Program Reference
4/06/2025 Internal Audit Procurement and Contract Management	Internal Audit
4/06/2025 Work Health Safety (WHS) and Wellbeing Quarterly Report - January - March 2025	Internal Controls and Risk Management Systems
4/06/2025 Audit and Risk Committee Meeting Report	Other



5.3 DRAFT 2024/2025 FINANCIAL STATEMENTS

Author: Kahli Rolton, Manager Financial Services
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

RECOMMENDATION

1. That Council report titled 'Draft 2024/2025 Financial Statements' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee advises Council that in accordance with Section 126(4(a) of the Local Government Act 1999, it has reviewed the draft annual financial statements of Council for the financial year 2025 and 'they present fairly the state of affairs of the council'.
3. That having been reviewed by the Audit and Risk Committee on 24 September 2025, the Management Representations Letter as attached to this report be noted.
4. That having met with the Auditors and discussed their findings the Committee agree Dean Newbery and Partners have been effective in their appointment.
5. Acknowledges progress towards matters raised by Auditors, Dean Newbery to be addressed in future years as provided at the meeting will be reported on at future Audit and Risk Committee meetings.

PURPOSE

The purpose of the annual financial statements is to provide Council, the community and other interested parties with a record of the financial activities and the financial position of the Council, comparative to the proceeding financial period.

The committee and the external auditors will have the opportunity to meet in confidence prior to the meeting.

Dean Newbery and Partners are finalising their Audit Completion Report, which acts as their audit clearance and includes their proposed audit opinions on the finance report and on the internal controls, as well as the Auditor's Independence Declaration. Council's Auditors will also provided a Management Representations Letter (Attachment 3) that Council have completed.

TERMS OF REFERENCE

The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

12.1 Financial Reporting:

The Committee shall:

12.1.1 **Financial Statements** - Monitor the integrity of the financial statements of the Council, including in its annual report, reviewing significant financial reporting issues and judgements which they contain.

12.5 External Audit:

The Committee shall:

12.5.4 **Meeting** - Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year to discuss the external auditor's report and any issues arising from the audit.

- 12.5.6 **Audit Findings** - Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:
- A discussion of any major issues which arose during the external audit;
 - Any accounting and audit judgements; and
 - Levels of errors identified during the external audit.
- 12.5.7 **Effectiveness** - The Committee shall also review the overall effectiveness of the external auditor.
- 12.5.8 **Representation Letter(s)** - Review any representation letter(s) requested by the auditor before they are signed by management.

RELEVANT LEGISLATION

Local Government (Financial Management) Regulations 2011 - 30.11.2023

Section 13 – Form of the financial statements

The financial statements of a council, council subsidiary or regional subsidiary (other than notes and other explanatory documentation) must be in accordance with the requirements set out in the Model Financial Statements.

Section 16 – Provision of Information

- (1) In accordance with section 127(4) of the Act, council must on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to the presiding member of South Australian Local Government Grants Commission.

Local Government Act 1999 - 30.11.2023

Division 2 - Internal control, audit and risk committee etc

Section 125 - Internal control policies

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

Section 126 - Audit and risk committee

- (4) The functions of an audit committee include
- (a) reviewing annual financial statements to ensure that they present fairly the state of the council; and
 - (c) reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

Section 129 - Conduct of audit

- (3) The auditor must provide to the council
- (a) an audit opinion with respect to the financial statements, and
 - (b) an audit opinion as to whether the controls audited under sub section (1) (b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.

SUMMARY OF IMPLICATIONS AND BENEFITS

Key issues identified by Auditors (prior to issue of Report):

Valuations undertaken during the Financial Year

There were no valuations undertaken during the financial year. In accordance with the Assets Accounting policy, indexation was scheduled to be applied to Buildings & Structures, Infrastructure and Public lighting during the year at 50% of CPI. With Adelaide CPI reported at 1.8%, an indexation rate of 0.9% was applied.

Detailed movement for Caroline Landfill provision

At the request of the auditors, a reconciliation table has been added to the liabilities note to provide a transparent overview of movements in the provision.

The reconciliation details:

- Opening balances of the provision.
- Movements in recognition/derecognition of estimated amounts as assumptions are refined.
- Payments made against existing provisions.
- Unwinding of present value discounts applied to future obligations.
- Breakdown across current cells, non-current cells, and non-current future restoration to ensure clear separation of near-term and long-term obligations.

This inclusion improves the clarity of Council's landfill reporting by giving a full detailed reconciliation of the movement in the Landfill provisions.

Matters brought to Auditors attention by Council administration

- **Recognition of revenue on infringements** - Currently recognised when raised; however, as infringements are contingent until paid, revenue should be recognised on receipt. A review has commenced with correction planned prior to 30 June 2026. Impact of this is immaterial for this financial year and is consistent with treatment in past financial years.
- **Employee Leave provision matters including vesting sick leave classification and oncosts** - In 2023/2024 workers compensation and income protection were added to annual leave provisions. Further review has confirmed oncosts should also apply to long service leave and TOIL/RDO provisions, already implemented from 2025/2026. Vesting sick leave is not discounted as it is only payable on termination, applies to minimal employees, and would be impractical to reliably estimate. Auditors have reviewed and agreed for this to continue being treated as a current provision.
- **Caroline Landfill long term financial plan model rollover assumptions and discounts rates** – Long range CPI and discount rates have been used in preparation of the long-term financial plan for Caroline and do not reflect current CPI or discount rates. While appropriate for shorter-term modelling, these rates do not accurately reflect an asset with a life of more than 80 years. A review of historical rate trends over the past 80 years indicates that a conservative 6.5% is more appropriate, and this has now been adopted.

Audit Completion Report – Matters to be addressed in future financial years

The Auditor's Report for the financial year is currently being finalised and will be issued subsequent to this agenda and prior to the meeting. At the time of writing, no matters of significance have been advised that would affect the financial information presented herein with the auditors advising they expect to issue an unmodified Audit report. Audit Manager, Daniel Phillips will attend this meeting to discuss their findings. The report will be attached as a late agenda item.

Purpose and Benefits of preparation of Financial Statements

- Completion of Financial Statements provides information about the financial position, performance and changes in financial position of Council.
- Audit completion report to be issued by Dean Newbery noting an expectation to issue an unmodified audit report.
- Reporting of Annual Financial statements reviewed by external auditors provides a level of assurance to stakeholders that Council can deliver future strategic goals in the Long-term financial plan in a financially sustainable manner.

- Internal controls and regular audits offer an added layer of assurance relating to the accuracy and reliability of the financial statements.
- Adhering to the reporting requirements of the Local Government Act 1999 ensure Council are not subject to legal consequences, including penalties and or mandatory corrective actions.

BACKGROUND / OPTIONS

Appointment of External Auditors - Samantha Creten, Dean Newbery and Partners were appointed as Council’s Auditors for the period 2022 – 2026, covering a total of 5 financial years.

Year 1 - Dean Newbery and Partners undertook 2 site visits each for a duration of two days; Interim audit in April 2022 and Balance date audit in August 2022, for the year ended 30 June 2022.

Year 2 - Dean Newbery and Partners undertook 2 site visits each for a duration of two days; Interim audit in May 2023 and Balance date audit in September 2023, for the year ended 30 June 2023.

Year 3 - Dean Newbery and Partners undertook 2 site visits each for a duration of two days; Interim audit in May 2024 and Balance date audit in September 2024, for the year ended 30 June 2024.

Year 4 (Current year) - Dean Newbery and Partners undertook 2 site visits each for a duration of two days; Interim audit 31 March – 1 April 2025 and Balance date audit in September 2025, for the year ended 30 June 2025.

DETAILED IMPLICATIONS

Legal	Financial statements are prepared accurately to reflect Councils financial position while complying with relevant accounting standards and principles. Council financial statements must be audited by an independent auditor to ensure the financial statements are free from material misstatements and comply with legal requirements. Financial statements must be made publicly available.
Financial and Budget	Analysis of financial statements allows Council to assess their financial performance and monitor financial sustainability. The information provided in annual financial statements can influence future budgeting decisions to ensure the future direction of Council is managed in a financially sustainable manner.
Other Resources	The Long-term financial plan and Asset management plan outline future goals and objectives of Council. Annual financial statements provide an opportunity to review current performance with projected performance.

RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
Finance	Insignificant (1)	Unlikely (2)	Low	Financial statements were reviewed by independent external auditor.	Continue to outsource annual audit, with a change of service provider every 5 years.
Reputation	Minor (2)	Unlikely (2)	Low	Statements were audited independently	Financial statements will form part of the

				and in line with legislation. Unqualified audit outcome.	Annual report for transparency to community,
Legal / Regulatory / Policy	Insignificant (1)	Rare (1)	Low	All requirements under the Local Government Act are met.	Review legislative requirements annually in line with work plan.

RELEVANT COUNCIL POLICY

[Asset Accounting](#)
[Asset Management - A900](#)
[Budget Framework - B300](#)
[Rates - Rating - R105](#)
[Treasury Management - T150](#)

IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Once adopted, Council's financial statements will be published in the Council's Annual Report for the 2024/2025 financial year and will be provided to the:

- Minister for Local Government;
- South Australian Local Government Grants Commission; and
- Other key stakeholders.

CONCLUSION

The financial statements are general purpose statements representing the financial performance of the Council for the 2024/2025 financial year and the financial position as at 30 June 2025. The financial statements have been prepared in accordance with the Australian Accounting Standards and Local Government (Financial Management) Regulations 2011.

That having reviewed the report and attachments, it is recommended that:

- for the financial year 2024/2025 in accordance with Section 126 (4) (a) of the Local Government Act 1999, the Audit and Risk Committee confirm the draft annual financial statements of Council 'present fairly the state of affairs of the council;
- the Audit and Risk Committee note the Audit Completion Report, which will be forwarded to members upon completion.

ATTACHMENTS

1. Draft Financial Statements 2024 2025 [5.3.1 - 45 pages]
2. Management Representations - External Audit Financial year ended 30 June 2025 [5.3.2 - 16 pages]

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City of Mount Gambier

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025

City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

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City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2025 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Andrew Aitken
CHIEF EXECUTIVE OFFICER

Lynette Martin
MAYOR

Date:

Date:

City of Mount Gambier

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Income			
Rates	2a	30,388	26,488
Statutory charges	2b	923	781
User charges	2c	10,408	9,179
Grants, subsidies and contributions - capital	2g	1,225	989
Grants, subsidies and contributions - operating	2g	7,091	672
Investment income	2d	79	53
Reimbursements	2e	1,141	1,230
Other income	2f	697	2,669
Total income		<u>51,952</u>	<u>42,061</u>
Expenses			
Employee costs	3a	17,811	15,292
Materials, contracts and other expenses	3b	19,110	19,320
Depreciation, amortisation and impairment	3c	11,902	10,795
Finance costs	3d	1,883	1,822
Total expenses		<u>50,706</u>	<u>47,229</u>
Operating surplus / (deficit)		<u>1,246</u>	<u>(5,168)</u>
Physical resources received free of charge	2i	1,933	2,053
Asset disposal and fair value adjustments	4	(1,321)	(1,475)
Amounts received specifically for new or upgraded assets	2g	67	216
Net surplus / (deficit)		<u>1,925</u>	<u>(4,374)</u>
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	8a	3,228	45,425
Impairment (expense) / recoupments offset to asset revaluation reserve	8a	(113)	(177)
Total amounts which will not be reclassified subsequently to operating result		<u>3,115</u>	<u>45,248</u>
Total other comprehensive income		<u>3,115</u>	<u>45,248</u>
Total comprehensive income		<u>5,040</u>	<u>40,874</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

City of Mount Gambier

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	192	270
Trade and other receivables	5b	2,861	2,531
Inventories	5c	84	76
Subtotal		3,137	2,877
Non-current assets held for sale	16	–	335
Total current assets		3,137	3,212
Non-current assets			
Infrastructure, property, plant and equipment	6	448,597	445,641
Total non-current assets		448,597	445,641
TOTAL ASSETS		451,734	448,853
LIABILITIES			
Current liabilities			
Trade and other payables	7a	4,687	5,317
Borrowings	7b	6,135	9,986
Provisions	7c	5,171	3,561
Total current liabilities		15,993	18,864
Non-current liabilities			
Borrowings	7b	26,068	27,079
Provisions	7c	3,331	1,608
Total non-current liabilities		29,399	28,687
TOTAL LIABILITIES		45,392	47,551
Net assets		406,342	401,302
EQUITY			
Accumulated surplus		89,588	87,287
Asset revaluation reserves	8a	315,808	312,693
Other reserves	8b	946	1,322
Total equity		406,342	401,302

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

City of Mount Gambier

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2025					
Balance as at 1 July		87,287	312,693	1,322	401,302
Net surplus / (deficit) for year		1,925	–	–	1,925
Other comprehensive income					
Gain (loss) on revaluation of IPP&E	6a	–	3,228	–	3,228
IPP&E impairment (expense) / recoupsments offset to ARR	6a	–	(113)	–	(113)
Total comprehensive income		1,925	3,115	–	5,040
Transfers between reserves	8b	376	–	(376)	–
Balance at the end of period		89,588	315,808	946	406,342
2024					
Balance as at 1 July		87,644	271,174	1,610	360,428
Net surplus / (deficit) for year		(4,374)	–	–	(4,374)
Other comprehensive income					
Gain (loss) on revaluation of IPP&E	6a	–	45,425	–	45,425
IPP&E impairment (expense) / recoupsments offset to ARR	6a	–	(177)	–	(177)
Total comprehensive income		(4,374)	45,248	–	40,874
Transfers between reserves	8b	288	–	(288)	–
Balance at the end of period		87,287	312,693	1,322	401,302

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

City of Mount Gambier

Statement of Cash Flows

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		30,227	26,501
Statutory charges		864	781
User charges		10,320	9,179
Grants, subsidies and contributions		7,091	1,102
Investment receipts		79	54
Reimbursements		1,141	1,230
Other receipts		746	1,349
<u>Payments</u>			
Payments to employees		(17,159)	(14,663)
Payments for materials, contracts and other expenses		(19,692)	(19,843)
Finance payments		(1,728)	(1,719)
Net cash provided by (or used in) operating activities	9b	11,889	3,971
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		1,279	307
Amounts received specifically for new or upgraded assets		67	216
Sale of replaced assets		479	110
Sale of surplus assets		288	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(7,691)	(3,528)
Expenditure on new/upgraded assets		(1,596)	(6,188)
Net cash provided (or used in) investing activities		(7,174)	(9,083)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from loans		4,750	8,374
Proceeds from bonds and deposits		83	64
<u>Payments</u>			
Repayments of loans		(9,482)	(2,930)
Repayment of lease liabilities		(144)	(202)
Net cash provided by (or used in) financing activities		(4,793)	5,306
Net increase (decrease) in cash held		(78)	194
plus: cash & cash equivalents at beginning of period		270	76
Cash and cash equivalents held at end of period	9a	192	270

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Contents of the Notes accompanying the General Purpose Financial Statements

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical cost convention

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

1.2 Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.3 Rounding

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

(2) The local government reporting entity

City of Mount Gambier is incorporated under the SA Local Government Act 1999 and has its principal place of business at 10 Watson Terrace, Mount Gambier. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

(3) Income recognition

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

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

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years, the payment of untied grants (financial assistance grants/ local roads/ supplementary grants) has varied from the annual allocation as shown in the table below:

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2021/22	\$5,134,125	\$3,891,585	+ \$1,242,540
2022/23	\$5,541,926	\$4,227,169	+ \$1,314,757
2023/24	\$263,252	\$4,618,149	- \$4,354,897
2024/25	\$6,765,226	\$4,417,888	+ \$2,347,338

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 12 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

(4) Cash, cash equivalents and other financial instruments

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

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

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

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

(5) Inventories

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

(6) Infrastructure, property, plant and equipment

6.1 Initial recognition

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given in Note 6. No capitalisation threshold is applied to the acquisition of land or interests in land or the Riddoch Art Collection.

6.3 Subsequent recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 6.

6.4 Depreciation of non-current assets

Other than land, footpath nature strips, the Les Hill Collection and the Riddoch art Collection, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets. Waste management assets are depreciated on an asset capacity in use basis.

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

Major depreciation periods for each class of asset are shown in Note 6. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.5 Impairment

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

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

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

(7) Payables

7.1 Goods & Services

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

continued on next page ...

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

Beginning 2024 financial year, cash advance debentures that are used in lieu of an overdraft facility for working capital have been classified to current liabilities.

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 3.50% (2024, 4.00%)
Weighted avg. settlement period 1 year (2024, 1 year)

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

(10) Provisions for reinstatement, restoration and rehabilitation

Council operates the Caroline landfill site, incorporating cells which require capping upon complete fill. Capping and restoration costs can include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements. Council's strategic planning aims to reduce waste to landfill and is extending the operational life of this facility. Due to this and the changing legislative environment it operates, uncertainty exists in the estimation of the future closure date. Engineering review by external consultants, Tonkins Engineering was completed 5 August 2024 to provide independent assessment of the future restoration provision as at 30 June 2024 and estimated future closure dates. Independent consultants, BRM Advisory were also engaged to complete financial modelling which adjusted the methodology in calculating the net present value of future restoration costs over the life of the landfill site. This resulted in an impact to other income of \$2,155,237 and subsequent reduction to the future restoration provision, liability recorded in the previous financial year.

As at the time of preparing these financial statements, the Council is undertaking a strategic review of its waste management and disposal activities which may impact on the projected remaining filling life of the landfill activities and the landfill capping and post closure strategies. The Council has developed a waste and resource recovery master plan which may impact on the scope and timing of future works connected with the closure and rehabilitation of the landfill site. Consequently, the value of the landfill liability provisions may be subject to material changes once elements of the master plan are implemented. Users of the financial statements should be aware of this potential material change in the future and in context of the key assumptions and estimates relating to the landfill liabilities recorded on the Balance Sheet.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

(11) Leases

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

Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets based on the life of the lease.

Office and equipment	2 to 5 years
Land Improvements	1 year

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.5 - Impairment of non-financial assets above.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

(12) New accounting standards and UIG interpretations

Council has assessed all the standards / interpretations currently issued which are not yet effective and have determined that there is no expected material impact on the reported financial position or performance.

(13) Comparative figures

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

In 2023-24 note 2(c), "Sales - general" included tourism revenue and waste discounts. From 2024-25, tourism revenue is disclosed separately as "Tourism and Visitor Services" due to its increased materiality, resulting in the removal of "Sundry". Waste discounts have been reclassified to Landfill Charges to better reflect their classification. Comparative figures for 2023-24 have been reclassified accordingly.

In 2023-24 note 2(g), the Roads to Recovery grant was classified as operating grant income. In 2024-25, this has been reclassified as capital grant income to better reflect its classification. Comparative figures for 2023-24 have been reclassified accordingly.

In 2023-2024 note 2(d), an internal interest allocation for the section 41 Committee - Junior Sports Assistance Fund was classified as "Investment income - banks and other". In 2024-25, this been removed to ensure Council is compliant with accounting standards. Comparative figures for 2023-24 have been removed accordingly.

In 2023-2024 note 3(a), "Salaries and wages" included expenses for Income protection. From 2024-2025, Income protection has been included in "Other employee related costs" to better reflect its classification.

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2. Income

\$ '000	2025	2024
(a) Rates		
General rates		
General rates	24,647	22,164
Less: mandatory rebates	(293)	(269)
Less: discretionary rebates, remissions and write-offs	(24)	(17)
Total general rates	24,330	21,878
Other rates (including service charges)		
Landscape levy	1,409	1,352
Waste collection	4,457	3,097
Total other rates (including service charges)	5,866	4,449
Other charges		
Penalties for late payment	138	122
Legal and other costs recovered	54	39
Total other charges	192	161
Total rates	30,388	26,488
(b) Statutory charges		
Planning, Development and Infrastructure Act fees	238	189
Town planning fees	224	250
Animal registration fees and fines	309	223
Parking fines / expiation fees	71	42
Other licences, fees and fines	81	77
Total statutory charges	923	781
(c) User charges		
Cemetery/crematoria fees	948	911
Hall and equipment hire	15	14
Property lease	294	298
Sales - general	60	100
Wulanda	2,783	2,726
Green Waste Collection	34	35
Landfill Charges	5,431	4,593
Sales - Waste Transfer Station and Re-Use Market	422	372
Tourism and Visitor Services	421	130
Total user charges	10,408	9,179
(d) Investment income		
Local Government Finance Authority	79	53
Total investment income	79	53

continued on next page ...

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City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 2. Income (continued)

\$ '000	2025	2024
(e) Reimbursements		
Private works	51	19
Wulanda	830	975
Other	260	236
Total reimbursements	1,141	1,230

\$ '000	2025	2024
(f) Other income		
Insurance and other recoupments - infrastructure, property, plant and equipment	121	80
Sundry	430	361
Donations	105	73
Caroline Landfill	41	2,155
Total other income	697	2,669

\$ '000	2025	2024
(g) Grants, subsidies and contributions		
Capital grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	67	216
Total amounts received for new or upgraded assets	67	216
Other grants, subsidies and contributions - capital		
Roads to Recovery	574	430
Untied - Local Roads and Community Infrastructure	591	509
Boundary Roads Contributions	60	50
Total Other grants, subsidies and contributions - capital	1,225	989
Operating grants, subsidies and contributions		
Regional Transport Subsidy Program	90	134
Untied - Financial Assistance Grant	6,765	263
Library and communications	153	165
Sundry	83	110
Other grants, subsidies and contributions - operating	7,091	672
Total other grants, subsidies and contributions - operating	7,091	672
Total grants, subsidies and contributions	8,383	1,877

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2. Income (continued)

\$ '000	2025	2024
(i) Sources of grants		
Commonwealth Government	1,175	950
State Government	7,103	793
Other	105	134
Total	8,383	1,877

(h) Conditions over grants and contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, and are required to be repaid to the funding body if not expended, are as follows:

Unexpended at the close of the previous reporting period	34	294
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Pine Hall / O'Leary Road	-	(12)
Tertiary Education	(14)	(30)
State Bicycle	-	(7)
Pinehall Avenue (O'Leary Road to Sunnybrae Road)	-	(208)
Margaret Worth Exhibition	-	(25)
Age Friendly - Immersive Storytelling	-	-
Subtotal	(14)	(282)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Tertiary Education	22	22
Pinehall Avenue (O'Leary Road to Sunnybrae Road)	-	-
Margaret Worth Exhibition	-	-
Age Friendly - Immersive Storytelling	12	-
Subtotal	34	22
Unexpended at the close of this reporting period	54	34
Net increase (decrease) in assets subject to conditions in the current reporting period	20	(260)

(i) Physical resources received free of charge

Land and improvements	226	23
Roads	602	1,231
Stormwater drainage	812	508
Footpaths & Kerbing	293	291
Total physical resources received free of charge	1,933	2,053

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 3. Expenses

\$ '000	Notes	2025	2024
(a) Employee costs			
Salaries and wages		14,011	12,208
Employee leave expense		1,852	1,617
Superannuation	15	1,799	1,512
Workers' compensation insurance		753	590
Other employee related costs		309	277
Less: capitalised and distributed costs		(913)	(912)
Total operating employee costs		17,811	15,292
Total number of employees (full time equivalent at end of reporting period)		153	143
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		27	28
Elected members' expenses		250	243
Election expenses		9	10
Subtotal - prescribed expenses		286	281
(ii) Other materials, contracts and expenses			
Contractors		7,999	8,100
Energy		1,780	1,827
Legal expenses		153	219
Levies Paid to Government - Regional Landscape levy recovered		1,407	1,351
Sundry		225	189
Contributions/Donations		495	547
Insurance		661	635
Levies Paid to Government - EPA, ESL & Dog Levies		2,028	1,925
Materials		1,608	1,564
Training		151	133
Water		264	257
Communication		204	238
Consultants		527	722
Licences and Subscriptions		1,322	1,332
Subtotal - Other material, contracts and expenses		18,824	19,039
Total materials, contracts and other expenses		19,110	19,320

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3. Expenses (continued)

\$ '000	2025	2024
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	4,572	4,560
Infrastructure		
Stormwater Drainage	323	319
Kerbing and Footpaths	1,621	1,603
Roads	2,471	2,400
Carparks	240	240
Right-of-use assets	161	217
Plant and equipment	1,145	775
Waste Management	1,011	345
Office Equipment	279	281
Other assets	56	49
Subtotal	11,879	10,789
(ii) Impairment		
Capital Work In Progress	23	6
Subtotal	23	6
Total depreciation, amortisation and impairment	11,902	10,795
(d) Finance costs		
Interest on loans	1,717	1,706
Interest on leases	11	32
Unwinding of present value discounts	155	84
Total finance costs	1,883	1,822

Note 4. Asset disposal and fair value adjustments

\$ '000	2025	2024
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	479	110
Less: carrying amount of assets sold	(1,860)	(1,469)
Gain (loss) on disposal	(1,381)	(1,359)
(ii) Assets surplus to requirements		
Proceeds from disposal	288	-
Less: carrying amount of assets sold	(201)	(116)
Less: assets held for sale gain	(27)	-
Gain (loss) on disposal	60	(116)
Net gain (loss) on disposal or revaluation of assets	(1,321)	(1,475)

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 5. Current assets

\$ '000	2025	2024
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(a) Cash and cash equivalent assets

Cash on hand and at bank	192	270
<u>Total cash and cash equivalent assets</u>	<u>192</u>	<u>270</u>

\$ '000	2025	2024
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(b) Trade and other receivables

Rates - general and other	1,034	873
Accrued revenues	116	-
Debtors - general	1,480	1,333
GST recoupment	206	323
Prepayments	9	2
Other	16	-
Subtotal	<u>2,861</u>	<u>2,531</u>

<u>Total trade and other receivables</u>	<u>2,861</u>	<u>2,531</u>
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\$ '000	2025	2024
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(c) Inventories

Stores and materials	30	22
Trading stock	54	54
<u>Total inventories</u>	<u>84</u>	<u>76</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

	Fair Value Level	as at 30/06/24				Asset movements during the reporting period										as at 30/06/25			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments	The from/(to) "Held for Sale" category	Revaluation Increments to Equity (ASB) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	4,339	–	4,339	369	901	–	–	(23)	–	(4,236)	–	–	–	–	1,350	–	1,350
Waste Management	3	–	9,783	(9,626)	157	2,781	–	–	(1,011)	–	–	3,488	–	–	–	16,052	–	(10,637)	5,415
Land	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Land	3	69,586	–	–	69,586	226	–	(255)	–	–	–	–	–	–	53	69,610	–	–	69,610
Office Equipment		–	4,110	(1,919)	2,191	6	37	(6)	(279)	–	–	–	–	–	–	–	4,120	(2,171)	1,949
Riddoch Collection	3	4,356	–	–	4,356	23	–	–	–	–	–	–	–	–	–	4,356	23	–	4,379
Buildings and other structures	3	193,052	852	(64,830)	129,074	414	207	(16)	(4,572)	–	(113)	156	–	–	1,126	194,947	1,237	(69,908)	126,276
Stormwater Drainage	3	36,090	62	(10,022)	26,130	766	116	(3)	(323)	–	–	46	–	–	241	37,228	182	(10,437)	26,973
Kerbing and Footpaths	3	95,545	675	(22,934)	73,286	578	814	(433)	(1,621)	–	–	243	–	–	656	95,970	2,259	(24,706)	73,523
Public Lighting		–	712	(56)	656	–	–	–	(36)	–	–	–	–	–	6	–	718	(92)	626
Infrastructure - Other (Retaining walls, safety barriers)		5,471	358	(1,394)	4,435	21	–	–	(67)	–	–	–	–	–	39	5,520	382	(1,474)	4,428
Roads (sub-base, pavement, seal, traffic lights)	3	148,594	3,537	(36,283)	115,848	974	2,146	(845)	(2,367)	–	–	303	–	–	1,045	149,080	6,792	(38,769)	117,103
Carparks	3	10,497	168	(3,536)	7,129	–	–	–	(240)	–	–	–	–	–	62	10,591	170	(3,810)	6,951
Right-of-use assets		–	625	(359)	266	14	–	–	(161)	–	–	–	–	–	–	–	459	(340)	119
Plant and equipment		–	11,272	(4,393)	6,879	387	3,072	(557)	(1,145)	–	–	–	–	–	–	–	12,744	(4,108)	8,636
Other assets		–	1,672	(363)	1,309	–	6	–	(56)	–	–	–	–	–	–	–	1,678	(419)	1,259
Total infrastructure, property, plant and equipment		563,191	38,165	(155,715)	445,641	6,559	7,299	(2,115)	(11,878)	(23)	(113)	–	–	–	3,228	583,354	32,114	(166,871)	448,597
Comparatives		445,777	87,234	(133,255)	399,756	9,296	4,139	(1,628)	(10,789)	(6)	(177)	–	(40)	(335)	45,425	563,191	38,165	(155,715)	445,641

continued on next page ...

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 6. Infrastructure, property, plant & equipment and investment property (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

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

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

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

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

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

Refer to Note 6a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Fair value hierarchy level 2 valuations - External valuation completed as at 1 July 2024 on buildings and structures used the current gross replacement cost with fair value level 3 inputs. Due to this certain buildings and structures and land thereon that were previously recorded as fair value level 2 have been transferred to fair value level 3.

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

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

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Other information

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

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

Highest and best use

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 6. Infrastructure, property, plant & equipment and investment property (continued)

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

Capitalisation Thresholds

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

	\$
Office Furniture & Equipment	5,000
Other Plant & Equipment	5,000
Buildings - new construction/extensions	10,000
Park & Playground Furniture & Equipment	5,000
Road construction & reconstruction	10,000
Paving & Footpaths, Kerb & Gutter	10,000
Stormwater Drainage	10,000
Waste Management	10,000

Estimated Useful Lives

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

Plant, Furniture & Equipment

Office Equipment	3 to 10 years
Vehicles and Road-making Equipment	3 to 25 years
Other Plant & Equipment	3 to 30 years

Building & Other Structures

Buildings	15 to 250 years
Park Structures	20 to 30 years
Playground Equipment	20 to 40 years
Benches, Seats, etc	10 to 30 years

Waste Management

Landfill assets	capacity in use
-----------------	-----------------

Infrastructure

Sealed Roads - Surface	15 to 40 years
Sealed Roads - Structure	40 to 240 years
Unsealed Roads	12 to 75 years
Paving and Footpaths, Kerb and Gutter	10 to 80 years
Carparks	15 - 80 years
Public Lighting	20 years
Stormwater Drainage	50 to 125 years

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 6. Infrastructure, property, plant & equipment and investment property (continued)

<i>Other Assets</i>	10 to 15 years
Artworks and Historical Collections	indefinite
Right-of-Use Assets (refer to Note 15)	life of lease

Waste Management - Landfill

Landfill remediation and cell development assets are amortised on a consumption basis over the individual landfill cell's capacity to receive waste and estimated life of the whole site. At the time of construction of a cell, Council includes the present value of estimated costs to cap the cell. This estimate is offset by the recognition of a provision. This recognition of the capping costs is amortised in line with the consumption of the landfill cell's capacity used in any one year.

Land & Land Improvements

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

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

Land was revalued as at 30 June 2025 based on Valuer General valuations provided to Council.

- Basis of valuation: Fair Value/Site value, Land Valuation Act 1971
- Date of valuation: 30 June 2025
- Valuer: Valuer General

Artworks and Historical Collections

The Riddoch Art Collection was last revalued as at 30 June 2023 by Simon Storey Art and Cultural Collection valuers. Revaluations occur every 4 yeears. These assets and other historical collections are not depreciated.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: Simon Storey Valuers
- Next valuation: 30 June 2027

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2023 by Brooke Smith of AssetVal/Marsh. Revaluations occur every four years. All additions are initially recorded at cost. There was a 13% average increase in depreciation for buildings and structures as a result of the revaluation undertaken in the previous reporting period.

- Basis of valuation: Fair Value/Market Value/Current Gross Replacement Cost
- Date of valuation: 1 July 2023
- Valuer: AssetVal
- Internal indexation applied as per Asset Accounting Policy as at 30 June 2025
- Next valuation: 1 July 2027

Infrastructure - Stormwater, Retaining Walls and Carparks

The valuation of Other Infrastructure including stormwater drainage, retaining walls and carpark assets were undertaken by independent valuer, Antonio Blefari MIE(Aust) NER from iinSights Pty Ltd as at 1 July 2023. There was a 59% average increase in depreciation for Other Infrastructure as a result of the revaluation undertaken in the previous reporting period.

- Basis of valuation: Fair Value/Current Gross Replacement Cost
- Date of valuation: 1 July 2023
- Valuer: iinSights Pty Ltd
- Internal indexation applied as per Asset Accounting Policy as at 30 June 2025
- Next valuation: 1 July 2027

Infrastructure - Kerbing and Footpaths, Roads, Public Lighting

Infrastructure assets including footpaths, kerbs and guttering, and road assets were last revalued as at 30 June 2023 by independent valuer, Antonio Blefari MIE(Aust) NER from iinSights Pty Ltd.

- Basis of valuation: Fair Value/Current Gross Replacement Cost
- Date of valuation: 30 June 2023
- Valuer: iinSights Pty Ltd
- Internal indexation applied as per Asset Accounting Policy as at 30 June 2025
- Next valuation: 1 July 2026

Infrastructure - Public Lighting

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City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6. Infrastructure, property, plant & equipment and investment property (continued)

These assets are recognised on the cost basis.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other Assets

These assets are recognised on the cost basis in the case of signage and IT assets and depreciated over their established useful lives.

Note 7. Liabilities

\$ '000	2025 Current	2025 Non Current	2024 Current	2024 Non Current
(a) Trade and other payables				
Goods and services	2,908	–	3,804	–
Payments received in advance	532	–	472	–
- Grants and contributions - capital	54	–	–	–
- Other	41	–	37	–
Accrued expenses - employee entitlements	485	–	407	–
Accrued expenses - other	401	–	412	–
Deposits, retentions and bonds	255	–	172	–
Other	11	–	13	–
Total trade and other payables	4,687	–	5,317	–

(b) Borrowings

Loans	6,091	26,018	9,884	26,957
Lease liabilities	44	50	102	122
Total Borrowings	6,135	26,068	9,986	27,079

All interest bearing liabilities are secured over the future revenues of the Council

(c) Provisions

Employee entitlements (including oncosts)	4,025	349	3,561	239
Cell capping	1,146	2,803	–	1,200
Future restoration	–	179	–	169
Total provisions	5,171	3,331	3,561	1,608

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 7. Liabilities (continued)

Movements in Landfill & Restoration Provisions

2025 (current and non-current) \$ '000	Provision for Capping Cell 3c (current) 2025	Provision for Capping Cell 4a (non-current) 2025	Provision for Future Restoration (non-current) 2025	Total 2025
Opening balance	1,200	–	168	1,368
Add: additional amounts recognised/derecognised	–	2,659	–	2,659
(Less): payments	(54)	–	–	(54)
Add: unwinding of present value discounts	–	144	11	155
Closing balance	1,146	2,803	179	4,128

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 8. Reserves

\$ '000	as at 30/06/24				as at 30/06/25
	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Land	59,254	53	–	–	59,307
Buildings and other structures	70,789	1,126	–	(113)	71,802
Infrastructure	180,230	2,049	–	–	182,279
Minor Plant	–	–	–	–	–
Other assets	2,420	–	–	–	2,420
Total asset revaluation reserve	312,693	3,228	–	(113)	315,808
Comparatives	271,174	45,425	(3,729)	(177)	312,693

\$ '000	as at 30/06/24				as at 30/06/25
	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Mount Gambier Cemetery	711	–	(711)	–	–
Mayor Christmas Appeal	72	31	(52)	–	51
Junior Sports Assistance Fund	135	22	(18)	–	139
Waste Service	–	–	–	–	–
Open Space	404	–	(10)	–	394
Downstream Drainage	–	–	–	–	–
Building Asset Maintenance	–	362	–	–	362
Total other reserves	1,322	415	(791)	–	946
Comparatives	1,610	64	(352)	–	1,322

Purposes of reserves

Asset revaluation reserves

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

Other reserves

Other Reserves are used when reserves are maintained for the purpose of specific Council committees or for committed funds of Council.

Mount Gambier Cemetery

Council has reviewed the purpose and operation of the Cemetery Reserve. Analysis determined that when all costs associated with cemetery operations are considered, no surplus funds are generated. The reserve as at 30 June 2025 is nil as the reserve has now been closed.

Mayor Christmas Appeal

Represents funds held for the City of Mount Gambier's Mayor Christmas Appeal, to be used solely for that purpose.

Junior Sports Assistance Fund

Represents funds held for the Junior Sports Assistance Fund, to be used solely for that purpose.

Waste Service

Represents the net surplus (income less expenses) from waste collection and related waste management activities, set aside to fund future waste service operations. The reserve balance at 30 June 2025 is nil as expenses have exceeded revenue to date.

continued on next page ...

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 8. Reserves (continued)

Open Space

Represents the funds collected from the creation of subdivisions, to be used for future open space development and improvement projects.

Downstream Drainage

Represents funds collected for downstream drainage projects. The reserve balance at 30 June 2025 is nil as expenses exceeded revenue to date.

Building Asset Maintenance Reserve

Represents funds received from the sale of surplus assets, set aside to fund future building asset maintenance and related expenses.

Note 9. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2025	2024
(a) Reconciliation of cash			
Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total cash and equivalent assets	5	192	270
Balances per Statement of Cash Flows		192	270

\$ '000	2025	2024
(b) Reconciliation of Operating Result		
Net surplus/(deficit)	1,925	(4,374)
Non-cash items in income statements		
Depreciation, amortisation and impairment	11,902	10,795
Non-cash asset acquisitions	(1,933)	(2,053)
Grants for capital acquisitions treated as investing activity	(1,292)	(775)
Net (gain)/loss on disposals	1,321	1,475
Adjustment Caroline	-	(2,155)
	11,923	2,913
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	(330)	912
Net (increase)/decrease in inventories	(8)	(9)
Net increase/(decrease) in trade and other payables	(269)	(467)
Net increase/(decrease) in unpaid employee benefits	574	622
Net increase/(decrease) in other provisions	(1)	-
Net cash provided by (or used in) operations	11,889	3,971

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 9. Reconciliation to Statement of Cash Flows (continued)

(c) Non-cash financing and investing activities

Acquisition of assets by means of:

Physical resources received free of charge	2i	1,933	2,053
Amounts recognised in income statement		1,933	2,053

Non-cash financing (other)

Leases		14	14
Total non-cash financing and investing activities		1,947	2,067

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit (\$ '000):

Bank overdrafts	400	250
Corporate credit cards	30	30
LGFA cash advance debenture facility	21,500	21,500

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Note 10. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits returned fixed interest rates between 4.15% and 4.65% (2024: 4.30% and 4.55%) during the year, with a balance of nil at 30/06/2025.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges (including legals and penalties for late payment)

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.76% (2024: 0.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting Policy:

continued on next page ...

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10. Financial instruments (continued)

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable; variable interest is charged between 5.40% and 6.15%, with fixed interest charged between 4.75% and 4.95%.

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 14.

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2025					
Financial assets					
Cash and cash equivalents	192	–	–	192	192
Receivables	2,861	–	–	2,861	2,861
Total financial assets	3,053	–	–	3,053	3,053
Financial liabilities					
Non-current borrowings	5,551	17,022	7,890	30,463	26,018
Payables	3,706	–	–	3,706	3,706
Current borrowings	7,238	–	–	7,238	6,091
Lease liabilities	44	50	–	94	94
Total financial liabilities	16,539	17,072	7,890	41,501	35,909
<u>Total financial assets and liabilities</u>	19,592	17,072	7,890	44,554	38,962
2024					
Financial assets					
Cash and cash equivalents	270	–	–	270	270
Receivables	2,528	–	–	2,528	2,529
Total financial assets	2,798	–	–	2,798	2,799
Financial liabilities					
Non-current borrowings	–	22,396	9,470	31,866	26,958
Payables	4,461	–	–	4,461	4,461
Current borrowings	11,249	–	–	11,249	9,883
Lease liabilities	102	122	–	224	224
Total financial liabilities	15,812	22,518	9,470	47,800	41,526
<u>Total financial assets and liabilities</u>	18,610	22,518	9,470	50,598	44,325

The following interest rates were applicable to Council's borrowings at balance date:

\$ '000	2025		2024	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	5.50%	10,400	6.15%	13,920
Fixed interest rates	4.86%	21,803	4.91%	23,145
		<u>32,203</u>		<u>37,065</u>

Net fair value

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10. Financial instruments (continued)

Risk exposures

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

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

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

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

Note 11. Capital expenditure and investment property commitments

\$ '000	2025	2024
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings & Other Structures	105	247
- Footpaths and Kerbing	72	51
- Roads	49	384
Plant and equipment	669	1,036
Waste	85	44
Other	187	69
	1,167	1,831
These expenditures are payable:		
Not later than one year	1,167	1,831
	1,167	1,831

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 12. Financial indicators

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023
Financial Indicators overview				
<i>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.</i>				
1. Operating Surplus Ratio				
Operating surplus	1,246	2.4%	(12.3)%	(4.1)%
Total operating income	51,952			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
2. Net Financial Liabilities Ratio				
Net financial liabilities	42,339	81%	106%	95%
Total operating income	51,952			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>				
Adjustments to Ratios				
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>				
Adjusted Operating Surplus Ratio				
Operating surplus	(1,168)	(2.4)%	(1.8)%	(7.5)%
Total operating income	49,605			
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	42,339	85%	96%	109%
Total operating income	49,605			
3. Asset Renewal Funding Ratio				
Asset renewals	7,691			
Infrastructure and Asset Management Plan required expenditure	8,696	88%	61%	88%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>				

continued on next page ...

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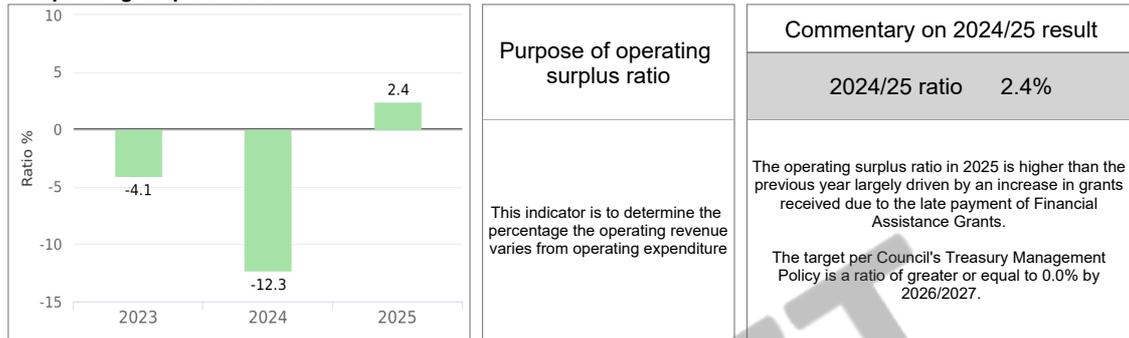
City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

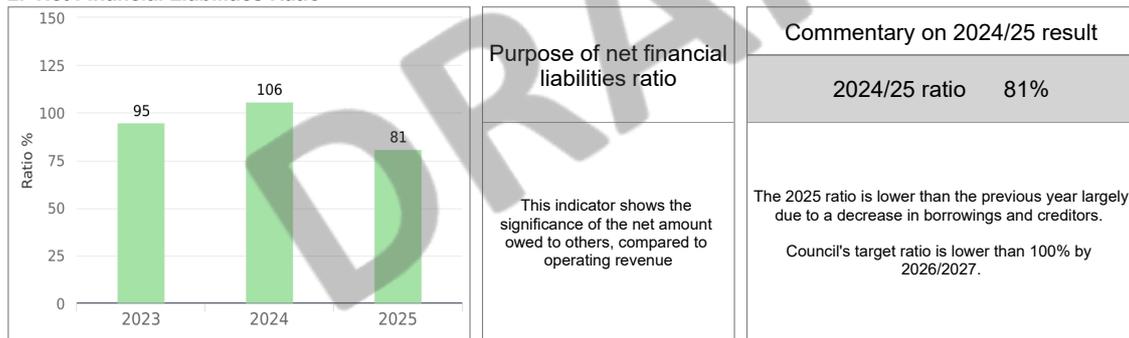
Note 12. Financial indicators (continued)

Financial indicators - graphs

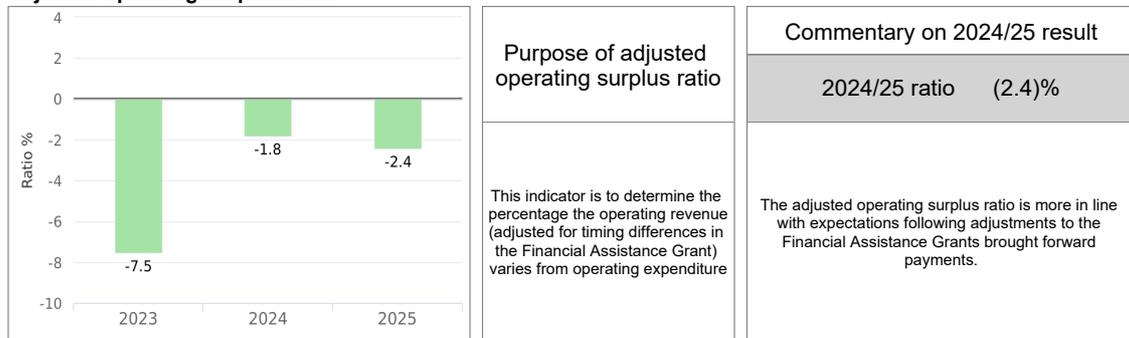
1. Operating Surplus Ratio



2. Net Financial Liabilities Ratio



Adjusted Operating Surplus Ratio



City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 12. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio

<table border="1"> <caption>Adjusted Net Financial Liabilities Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>109</td> </tr> <tr> <td>2024</td> <td>96</td> </tr> <tr> <td>2025</td> <td>85</td> </tr> </tbody> </table>	Year	Ratio %	2023	109	2024	96	2025	85	<p>Purpose of adjusted net financial liabilities ratio</p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p>Commentary on 2024/25 result</p> <table border="1"> <tr> <td>2024/25 ratio</td> <td>85%</td> </tr> </table> <p>Aligned with the unadjusted net financial liabilities ratio above, the increase is driven by adjustments to the Financial Assistance Grants brought forward payments.</p>	2024/25 ratio	85%
Year	Ratio %											
2023	109											
2024	96											
2025	85											
2024/25 ratio	85%											

3. Asset Renewal Funding Ratio

<table border="1"> <caption>Asset Renewal Funding Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>88</td> </tr> <tr> <td>2024</td> <td>61</td> </tr> <tr> <td>2025</td> <td>88</td> </tr> </tbody> </table>	Year	Ratio %	2023	88	2024	61	2025	88	<p>Purpose of asset renewal funding ratio</p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p>Commentary on 2024/25 result</p> <table border="1"> <tr> <td>2024/25 ratio</td> <td>88%</td> </tr> </table> <p>Council update Asset Management Plans annually which provide guidance of when and how much needs to be spent to maintain Council's assets.</p> <p>Disruptions and supply chain issues have impacted on the timing of delivery of planned works. These projects are expected to be completed in the 2025/2026 financial year.</p>	2024/25 ratio	88%
Year	Ratio %											
2023	88											
2024	61											
2025	88											
2024/25 ratio	88%											

City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 13. Uniform presentation of finances

\$ '000	2025	2024
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

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

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

Income

Rates	30,388	26,488
Statutory charges	923	781
User charges	10,408	9,179
Grants, subsidies and contributions - capital	1,225	989
Grants, subsidies and contributions - operating	7,091	672
Investment income	79	53
Reimbursements	1,141	1,230
Other income	697	2,669
Total Income	51,952	42,061

Expenses

Employee costs	(17,811)	(15,292)
Materials, contracts and other expenses	(19,110)	(19,320)
Depreciation, amortisation and impairment	(11,902)	(10,795)
Finance costs	(1,883)	(1,822)
Total Expenses	(50,706)	(47,229)

Operating surplus / (deficit)

Net timing adjustment for general purpose grant funding	2,347	(4,355)
Less: grants, subsidies and contributions - capital	(1,225)	(989)
Adjusted Operating surplus / (deficit)	2,368	(10,512)

Net outlays on existing assets

Capital expenditure on renewal and replacement of existing assets	(7,691)	(3,528)
Add back depreciation, amortisation and impairment	11,902	10,795
Add back proceeds from sale of replaced assets	479	110
	4,690	7,377

Net outlays on new and upgraded assets

Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(1,596)	(6,188)
Add back grants, subsidies and contributions - capital new/upgraded	1,225	989
Add back amounts received specifically for new and upgraded assets	67	216
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	288	-
	(16)	(4,983)

Annual net impact to financing activities (surplus/(deficit))

	7,042	(8,118)
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City of Mount Gambier

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 14. Leases

(i) Council as a lessee

Terms and conditions of leases

Council entered contracts as a lessee for various IT equipment.

Set out below are the carrying amounts (written down value) of right of use assets recognised within Infrastructure Property, Plant & Equipment.

(a) Right of use assets

\$ '000	Office	Other	Total
2025			
Opening balance	259	7	266
Additions to right-of-use assets	–	14	14
Depreciation charge	(155)	27	(128)
Balance at 30 June	104	48	152
2024			
Opening balance	442	27	469
Additions to right-of-use assets	–	14	14
Depreciation charge	(183)	(34)	(217)
Balance at 30 June	259	7	266

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2025	2024
Balance at 1 July	224	403
Additions	14	14
Accretion of interest	11	32
Payments	(155)	(225)
Balance at 30 June	94	224
Classified as:		
Current	44	102
Non-current	50	122

The maturity analysis of lease liabilities is included in Note 12.

The Group had total cash outflows for leases of \$210,000.
The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	161	217
Interest expense on lease liabilities	11	32
Total amount recognised in profit or loss	172	249

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 14. Leases (continued)

(ii) Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Note 15. Superannuation

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

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.50% in 2024/25; 11.00% in 2023/24) and enterprise bargaining agreement (1% in 2025 and 2024). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is generally based on a formula determined by the member's contribution rate, number of years and complete days and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2023/24) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2023. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other superannuation schemes

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

City of Mount Gambier

Notes to and forming part of the Financial Statements
 for the year ended 30 June 2025

Note 16. Non-current assets held for sale and discontinued operations

Non-current assets held for sale

The two parcels of land were held for sale as at 30 June 2024 we sold during the 2024-2025 financial year. No assets remain classified as held for sale at 30 June 2025.

\$ '000	2025	2024
(ii). Carrying amounts of assets and liabilities		
Assets		
Land	–	335
Total assets	–	335
Net assets	–	335

Note 17. Contingencies and assets/liabilities not recognised in the balance sheet

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

1. Land under roads

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

At reporting date, Council controlled 234.7 km of road reserves of average width 20 metres.

2. Potential insurance losses

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

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

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

3. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council has not received notice of any appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 18. Related party transactions

Key management personnel

Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 13 persons were paid the following total compensation:

\$ '000	2025	2024
The compensation paid to key management personnel comprises:		
Salaries, allowances & other short term benefits	1,012	917
Post-employment benefits	88	88
Total	1,100	1,005

Retail businesses owned by key management personnel and/or relatives of key management personnel supplied various goods to Council during 2024/2025. Purchases were made as required on a 30 day account, on normal commercial terms and at arm's length. No individual purchases from these businesses exceeded \$260.00 with the total cumulative spend \$2,551.67.

Two key management personnel and/or relatives of key personnel are members in a community based not-for-profit organisation that Council engage for cultural services and contractual labour hire services including apprentices and trainees.

One key management personnel and/or relatives of key management personnel undertook a land subdivision within the City of Mount Gambier during the 2024/2025 financial year. The subdivision was managed by a neutral third party within normal terms and conditions applicable to the public including payment of fees and charges.

One key management personnel and/or relatives of key management personnel submitted a planning and building application during the 2024/2025 financial year and paid applicable fees. The transaction was conducted under normal terms and conditions applicable to the public.

Dean Newbery
Independent auditors report
Placeholder page 1

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Dean Newbery
Independent auditors report
Placeholder page 2

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Dean Newbery

Independent assurance report

Placeholder page 1

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Dean Newbery

Independent assurance report

Placeholder page 2

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City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Mount Gambier Council for the year ended 30 June 2024 the Council's Auditor, Dean Newbery and Partners 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*.

Sarah Philpott
CHIEF EXECUTIVE OFFICER

Paul Duka
PRESIDING MEMBER, AUDIT AND RISK COMMITTEE

Date:

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City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Mount Gambier for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with 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 (5) *Local Government (Financial Management) Regulations 2011*.

Samatha Creten

Dean Newbery

Date:

DRAFT



Reference: AF24/87
Enquiries to: Ms K Rolton

Civic Centre, 10 Watson Terrace
Mount Gambier SA 5290

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Mount Gambier SA 5290

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city@mountgambier.sa.gov.au
mountgambier.sa.gov.au

15 August 2025

Samantha Creten
Partner
Dean Newbery
PO Box 755
NORTH ADELAIDE SA 5006

Dear Samantha,

RE: MANAGEMENT REPRESENTATIONS: EXTERNAL AUDIT, FINANCIAL YEAR ENDED 30 JUNE 2025

This Management Representation letter is provided in connection with your audit examination of the General Purpose Financial Report (**2025 Financial Report**) of **City of Mount Gambier Council** (**'the Council'**) for the financial year ended 30 June 2025.

We hereby confirm, at your formal request, that to the best of our knowledge and belief, the following representations relating to the 2025 Financial Report are correct.

In making these representations, we understand that they are provided to you in connection with your external audit of the Council for the year ended 30 June 2025 as prescribed by the Local Government Act 1999, for the express purpose of your expressing an opinion as to whether the 2025 Financial Report is, in all material respects, presented fairly in accordance with all applicable standards and requirements, including statutory. In making these representations, we have read and understood the standard unqualified Audit Opinion that would be normally expressed to the Council by you as is required under Section 129(3) of the Local Government Act 1999 for the financial year ended 30 June 2025. We therefore understand, without exception, the potential ramifications of making any representations to you that are not correct, to the best of our knowledge and belief as of the date of this letter.

We understand and acknowledge that it is the Council management's responsibility for the fair presentation of the 2025 Financial Report and that management, as appropriate, have approved the Financial Report. Accordingly, management of the Council are of the opinion that the 2025 Financial Report is free of material mis-statements, including errors and omissions.

1. Compliance with all Applicable Standards, including Statutory

The Financial Report of the Council has been prepared so as to present a true and fair view of the state of affairs of the Council as at 30 June 2025 and of the results of operations of the Council for the financial year ended on that date, including for all post balance date matters, as applicable.

The accounting and financial management policies, practices and records of the Council were at all times maintained in accordance with the requirements of the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and that the Financial Report was prepared in accordance with the Local Government Act 1999, Local Government (Financial Management)

Regulations 2011, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board together with all other mandatory professional reporting requirements in Australia.

ASSETS

Cash and Cash Equivalents

- (1) Cash on hand at balance date was represented by cash floats reconciled and on hand as at 30 June 2025.
- (2) Cash at bank at balance date represented the reconciled operating account(s) of the Council.

Rates and Other Receivables

- (1) Current rate receivables at balance date represented all outstanding amounts owed by rate payers.
- (2) Current other receivables at balance date represented all outstanding amounts owed by debtors other than rate payers.
- (3) Debts due at balance date that are known to be uncollectable have since been written-off and adequate provision has been made for impairment to cover allowances, discounts and losses that may be sustained by Council in the collection of the debts. Nil amount has been provided for impairment.

Inventories.

- (1) All inventories were the property of the Council and have either been paid for or the liability has been brought to account.
- (2) All inventories have been physically counted and valued in accordance with the applicable Australian Accounting Standard.

Other Current Assets

- (1) Prepayments at balance date represented payments for goods and services to be received in the following financial year.
- (2) There are no non-current assets held for sale.

Financial Assets – Loans to Community Groups

- (1) There are no grounds to provide for any impairment loss for loans to community groups or other organisations, none are held.

Investments Accounted using the Equity Method

- (1) Council has complied with all applicable Australian Accounting Standards with regard to Council's equity in subsidiaries, regional subsidiaries and other interests, as applicable.

Infrastructure, Property, Plant & Equipment and Depreciation

- (1) Infrastructure, property, plant and equipment at the 2025 balance date was represented by the following fair values, cost, accumulated depreciation and carrying amounts for

each class of asset, in accordance with all prescribed requirements and standards as follows:

Asset Class	Fair Value \$'000	At Cost \$'000	Accumulate d Depreciation \$'000	Carrying Amount \$'000
Capital work in progress		1,350		1,350
Land	69,610			69,610
Office Equipment		4,120	-2,171	1,949
Riddoch Collection	4,356	23		4,379
Buildings and other structures	194,947	1,237	-69,908	126,276
Stormwater Drainage	37,228	182	-10,437	26,973
Kerbing and Footpaths	95,970	2,259	-24,706	73,523
Roads	149,080	6,792	-38,769	117,103
Public Lighting		718	-92	626
Infrastructure – other	5,520	382	-1,474	4,428
Carparks	10,591	170	-3,810	6,951
Right of Use Assets		459	-340	119
Plant and Equipment		12,744	-4,108	8,636
Other assets		1,678	-419	1,259
Waste Management	16,052		-10,637	5,415

- (2) The additions during the 2025 financial year to Infrastructure, property, plant and equipment general ledger control accounts and asset registers represents the cost of additions and or improvements to existing facilities or replacements thereof. All units of property which have been replaced, sold, dismantled or otherwise disposed of, or which are permanently unusable, have been removed from general ledger and applicable asset register. Adequate provision, determined in a manner consistent with that of the preceding financial year, has been made to write-off depreciable assets over their useful economic working lives.

No circumstances have arisen which render adherence to the existing basis of depreciation misleading or inappropriate and that depreciation expense for the financial year ended 30 June 2025 is reliable.

- (3) All additions to depreciable assets represent actual additions or improvements of a capital nature, based on capitalisation thresholds consistently applied for the 2025 financial year and unchanged from the 2024 financial year.
- (4) Where the recorded carrying amount of any depreciable assets exceeds its recoverable amount as at 30 June 2025, that asset's recorded carrying amount has been written down to its recoverable amount.
- (5) Contractual commitments for capital expenditure(s) included in the Financial Report payable not later than one year are as described in the notes accompanying the Financial Report.
- (6) There are no deficiencies or encumbrances attaching to the title of the assets of the Council at 30 June 2025 other than those reflected in the financial report and those are not greater than the value of the asset.
- (7) No Operating or Finance Lease commitments exist that have not been disclosed in the Financial Report. All Operating Lease expenses have been fully disclosed in the notes to the 2025 Statement of Comprehensive Income. Finance Leasing commitments have been fully disclosed in the notes to the 2025 Statement of Financial Position.

- (8) No Asset revaluations were completed during the 2025 financial year.
- (9) Indexation of 0.9% was applied as at 30 June 2025 to the following classes of assets:
 - Infrastructure - other
 - Roads
 - Stormwater drainage
 - Buildings and structures
 - Kerbing and footpaths
 - Public lighting
- (10) The asset revaluation of all land owned by Council in 2025 was based on Valuer General's valuations.

Valuations have been formally recognised in the 2025 Financial Report.
- (11) The resultant increment to the asset revaluation reserve during the year represents the difference between the prior written down value of the assets being valued and the indexation applied as at 30 June 2025.
- (12) Depreciation expense reported in the 2025 Statement of Comprehensive Income is reliable, being based on reliable 'whole of life' asset management information for each class of depreciable non-current asset.

LIABILITIES – Current and Non-Current

- (1) All liabilities which have arisen or which will arise out of the activities of the Council to the end of the 2025 financial year have been included in the 2025 Financial Report.
- (2) All outstanding trade payables at balance date have been taken up as at the 2025 balance date.
- (3) All applicable accrued wages and salaries and accrued employee entitlements at the 2025 balance date have been taken up.
- (4) All accrued interest at the 2025 balance date have been taken up.
- (5) All revenue received in advance as at the 2025 balance date have been taken up.
- (6) Provisions for employee benefits, inclusive of on-costs, all discounted as at the 2025 balance date representing long service leave benefits calculated for all valid employees (as at balance date) have been taken up.
- (7) Accrued employee benefits represent annual leave accrued for all valid employees as at the 2025 balance date.
- (8) Borrowings as at the 2025 balance date represented amounts owed to the Local Government Finance Authority. Loans with the LGFA have varying maturity dates and interest rates with details provided in the notes to the 2025 Financial Report.

Cash Advance Debentures (CAD's) that have been used to supplement working capital and are expected to be repaid in full throughout the coming financial year and then further drawn down on as required have been included at current liabilities.
- (9) There were no contingent liabilities including for:
 - a) guarantees;

- b) bills and accounts receivable discounted, assigned or sold and which are subject to recourse;
- c) endorsements;
- d) pending law suits, unsatisfied judgements or claims;
- e) repurchase agreements; or
- f) contractual disputes between the Council and any contractor/service provider that may result in an increased liability as at 30 June 2025; which are not fully disclosed in the notes to the 2025 Financial Report.

EQUITY

- (1) There have been no adjustments to the Accumulated Surplus other than those allowable under the Australian Accounting Standards.
- (2) There have been no adjustments to the Asset Revaluation Reserve other than those allowable under the Australian Accounting Standards and the balance of the reserve has been reconciled to each class of asset.
- (3) All reserve funds required by legislation to be maintained have been at all times maintained in the accounting records of the Council with the exception of the Open Space reserve that was reinstated for the 2021/2022 financial year aligned with legislation.
- (4) All transfers to and from reserve funds (including the Accumulated Surplus) are aligned with previous years (with the exception of corrections).
- (5) Other than for the Asset Revaluation Reserve, all other reserve accounts are those applied for 2025 Council budget purposes and have the same balances as at 30 June 2025 with the exception of corrections.
- (6) Council does not maintain a Committed Expenditures/Carry Forward Projects reserve (or equivalent(s)).
- (7) Council does not maintain a "Contingency Reserve" (or equivalent).
- (8) No reserves are 'cash backed' at present, however a procedure is in development which specifies that the Mayors Christmas Appeal will be cash backed and identifies a number of reserves to be cash backed in the future when Council's variable debt levels are reduced. The reason for proposing the Mayors Christmas Appeal to be cash backed is due to formalisation of the Governance structure and application of pending application for deductible gift recipient status (DGR).

2025 STATEMENT OF COMPREHESIVE INCOME

- (1) Please find attached a summary of all variations greater than 10% for all income and expense amounts (majority of material variances over \$100,000 have been included) disclosed in the 2025 Statement of Comprehensive Income, compared to 2024.
- (2) There have been no re-classified amounts in the 2025 Statement of Comprehensive Income.
- (3) All depreciable physical resources received free of charge have been included in the appropriate asset register and depreciated from the date when Council assumed control (of the asset).
- (4) Depreciation expense for 2025 is in accordance with Council's asset registers and has been determined on the same basis as for 2024.

- (5) Salaries and Wages expense disclosed in the 2025 Statement of Comprehensive Income reconciles to the last budgeted salaries and wage amount approved by Council for 2025 annual budget funding purposes.
- (6) Capital grants have been correctly separated from operating grants, in accordance with the requirements of the Model Financial Statements.

KEY FINANCIAL INDICATORS

Operating Surplus Ratio - The ratio in FY 2025 is significantly improved on the previous year and above the anticipated target as per the adopted budget. This is largely driven by the receipt of two advance payments during 2024/25 for untied grant revenue (Financial Assistance Grants); And rate rise above CPI (24/25 was 11.24%). These key factors have contributed to an increase in total revenue of 24%, higher than an increase in total expenses of 7% when comparing to the prior financial year.

Net Financial Liabilities Ratio – The ratio is lower than the previous year and lower than the adopted budget, driven by a decrease in debtors due to a correction to accounting for open space development in 2023/24 and increasing the total operating income base. Further to this borrowings were expected to reach peak debt levels in 2024/25 however the timing of capital expenditure is influencing Council's need to draw down.

Asset Renewal Funding Ratio – This is higher than the previous year, and lower than the LTFP/adopted budget target and SA recommended target. Disruptions and supply shortages combined with the organisation's capacity to deliver have impacted upon the timing of the renewals program. A review of the organisation's capacity to deliver is required. However, a timing issue should be noted, that c\$1.475M in capital carry forwards as at 30 June 2025 relates to asset renewal expenditure.

OTHER REQUIRED REPRESENTATIONS

- (1) No events have occurred (or are known to occur) subsequent to 30 June 2025 that would require any consideration for adjustment to or additional disclosure in the 2025 Financial Report.
- (2) The Council does not have any plans or intentions that may materially affect the carrying value or classification of all assets and liabilities as at 30 June 2025.
- (3) The Council has complied with all aspects of contractual arrangements and agreements that would have a material effect on the 2025 Financial Report in the event of non-compliance.
- (4) There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, other than those disclosed in the 2025 Financial Report.
- (5) There are no violations or possible violations of laws, compulsory standards or regulations whose effects should be considered for disclosure in the 2025 Financial Report or as a basis for recording as an expense or otherwise.
- (6) The methods, the data, and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

- (7) The Council has title to all assets controlled wholly or jointly, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (8) All details concerning related party transactions and related amounts receivable or payable (including sales, purchases, loans and guarantees) have been correctly recorded in the accounting records. All related parties have been identified and disclosed to you during your audit.
- (9) The Council regularly reviews, the adequacy of insurance cover on all assets and insurable risks. This review has been consistently performed, and where it is considered appropriate, assets and insurable risks of the Council are at all times adequately covered by appropriate insurance.
- (10) The minutes of all meetings of Council and its Committees were made available to you and are complete and authentic records of all such meetings held during the 2025 financial year and to the date of this letter. All other statutory records were properly kept at all times during the year and have been made available to you for audit purposes.
- (11) All audit correspondence has been formally and promptly responded.
- (12) All audit correspondence has been referred to Council and Council's Audit and Risk Committee.
- (13) Salaries and wages records together with records for the Goods and Service Tax were at all times fully maintained in accordance with the requirements of the Australian Taxation Office, as applicable.
- (14) All documentation relating to the capture of Related Party Disclosures and Transactions (AASB 124 Related Party Disclosures) including all authorised forms provided by the deemed Key Management Personnel, evidence of review of total related party transactions processed during the financial year by the Council e.g. Transaction reports of payments made by Council to related parties and any working of calculation methodologies for the disclosures in the 30 June 2025 financial statements have been made available to you.
- (15) All deemed material transactions relating to Related Party Disclosures and Transactions (AASB 124 Related Party Disclosures) have been included and adequately disclosed in the 30 June 2025 financial statements.
- (16) Council has formally in place and has at all times maintained an appropriate standard of accounting, internal control structure and framework, segregation of duties and risk management structure and framework across the entire organisation, including appropriate controls and mechanisms specifically designed to prevent and detect fraud and error. Further, we advise that there have not been any instances of fraud or error during the financial year ended 30 June 2025 or to the date of this letter. In addition, there are no matters that should be brought to your attention for the purposes of your making an assessment as to Sections 129(5) and 129(6) of the Local Government Act 1999.
- (17) The 2025 Financial Report has been adjusted for all agreed audit adjustments for the year ended 30 June 2025.
- (18) Attached is a summary of all changes in accounting practices and accounting policies made for the financial year ended 30 June 2025 compared to the financial year ended 30 June 2024. Included in the attached summary is an explanation for the change, including the monetary effect in the 2025 Financial Report, when compared to the 2024 Financial Report.

- (19) Council's Audit and Risk Committee has addressed all of its prescribed responsibilities and no member of the Committee has undertaken other professional services for the Council.
- (20) In our opinion, there are no grounds to believe that the Council will not be able to pay its debts as and when they fall due, that assets will be at all time maintained to the service standards currently determined by Council and accordingly, the Council is long term financially sustainable.

Yours sincerely

Andrew Aitken
Interim Chief Executive Officer

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Statement of Other Comprehensive Income		Notes			% var PY	Original Budget 2025	Variance		Final budget revision 2025	Variance			
			2025	2024			2025 to original budget	% var orig budget		2025 to final budget	% var final budget		
			\$'000	\$'000		\$'000	\$'000		\$'000	\$'000			
Income													
Rates	2a	58%	30,388	63%	26,488	15%	30,314	74	0%	30,343	45	0%	
Statutory Charges	2b	2%	923	2%	781	18%	896	27	3%	817	106	13%	
User Charges	2c	20%	10,408	22%	9,179	13%	9,812	596	6%	10,317	91	1%	
Grants, subsidies and contributions - capital	2f	2%	1,225	2%	989	24%	388	837	216%	733	492	67%	
Grants, subsidies and contributions - operating	2f	14%	7,091	2%	672	955%	5,250	1,841	35%	9,138	-2,047	-22%	
Investment Income		0%	79	0%	53	49%	57	22	39%	79	-	0%	
Reimbursements	2d	2%	1,141	3%	1,230	-7%	1,192	-51	-4%	1,140	1	0%	
Other Income	2e	1%	697	6%	2,669	-74%	665	32	5%	602	95	16%	
Total Income		100%	51,952	100%	42,061	24%	48,574	3,378	7%	53,169	-1,217	-2%	
Expenses													
Employee costs	3a	35%	17,811	32%	15,292	16%	16,324	1,487	9%	17,224	587	3%	
Materials, contracts and other expenses	3b	38%	19,110	41%	19,320	-1%	20,148	-1,038	-5%	19,996	886	-4%	
Depreciation, amortisation and impairment	3c	23%	11,902	23%	10,795	10%	11,857	45	0%	11,820	82	1%	
Finance costs	3d	4%	1,883	4%	1,822	3%	1,928	-45	-2%	1,979	96	-5%	
Total Expenses		100%	50,706	100%	47,229	7%	50,257	449	1%	51,019	313	-1%	
OPERATING SURPLUS/DEFICIT			1,246	-	5,168	-124%	-	1,683	2,929	-174%	2,150	904	-42%
Physical resources received free of charge			1,933		2,053	-6%	1,000	933	93%	1,000	933	93%	
Asset disposal and fair value adjustments			-1,321		1,475	-10%	-	-1,321		16	1,337	-8356%	
Amounts received specifically for new or upgraded assets			67		216	-69%	250	-183	-73%	38	105	-276%	
NET SURPLUS/DEFICIT			1,925	-	4,374	-144%	-	433	2,358	-545%	3,128	1,203	-38%

2a	2025	2024	Variance	% vairance PY	High level comments
Rates	\$'000	\$'000	\$'000		
General Rates					
General Rates	24,647	22,164	2,483	11%	This is in line with the gross rates increase of 11.24% for 2024/2025 financial year.
Less: mandatory rebates	- 293	- 269	24	9%	An increase in rates, results in an increase in mandatory rebates
Less: discretionary rebates	- 24	- 17	7	41%	An increase in rates, results in an increase in discretionary rebates
Total General Rates	24,330	21,878	2,452	11%	overall increase consistent with Annual Business Plan and Budget rates increase of 11.24%.
Other Rates					
Landscape Levy	1,409	1,352	57	4%	
Waste Collection	4,457	3,097	1,360	44%	Waste Service Charge change in methodology applied in 2024/2025 to more accurately reflect actual cost of service provision. Charge increased 42.85% from \$217.70 to \$311.00. The number of properties continues to increase each year with growth, however the main driver for the difference was the increase in fee.
Total Other Rates	5,866	4,449	1,417	32%	
Other Charges					
Penalties for late payment	138	122	16	13%	An increase in rates will generally result in an increase for penalties for late payment. Penalties have risen 2% higher than the rates rise for the year. Materially consistent.
Legal and other costs recovered	54	39	15	38%	
Total other charges	192	161	31	19%	
2b					
Statutory Charges					
Planning, Development and Infrastructure Act	238	189	49	26%	6.7% increase on prior year in number of approved developments. Value of approved developments increased by 67%.
Town planning fees	224	250	- 26	-10%	
Animal registration fees and fines	309	223	86	39%	Dog registrations have remained stable over the past 2 years with 5,394 registered in 2023/2024 and 5,331 registered in 2024/2025. c9.3% increase in fees from 23/24 to 24/25. There has been an increase in expiation activity on dogs for non-payment of registration are keys to the increase in revenue animal registrations and fines.
Parking fines/expiation fees	71	42	29	69%	increased hours for parking inspector, recovered through increased revenue. Will have increase in contractor expense.
Other licences, fees and fines	81	77	4	5%	
Total statutory charges	923	781	142	18%	

2c					
User Charges					
Cemetery/crematoria fees	948	911	37	4%	15% increase in the number of cremations from the prior year, large contributor to the increase. Burials relatively flatlined. c2.7% increase in fees from 23/24 to 24/25.
Hall and equipment hire	15	14	1	7%	
Property lease	294	298 -	4	-1%	
Sales - general	60	100 -	40	-40%	
Sundry	-	-	-		
Wulanda	2,783	2,726	57	2%	Consistent with membership numbers flatlining and finding their "norm" following an exciting start up period with membership growth.
Green Waste Colection	34	35 -	1	-3%	
Landfill Charges	5,431	4,593	838	18%	8% increase in gate fees from 23/24 to 24/25, coupled with an increase of 3.5% to volumes from external parties are the main drivers of this increase. Prior year includes discounts for fee increases - no discounts authorised for 2024/2025.
Sales - Waste Transfer Station and ReUse	422	372	50	13%	
Tourism and Visitor Services	421	130	291	224%	Council took over operations of Engelbrecht Cave (previously outsourced) early in the financial year and continued to operate and charge for tours. This additional service provision is majority of the reason for the increase in revenue accounting for \$276k of additional revenue
Total User Charges	10,408	9,179	1,229	13%	
Investment Income					
Local Government Financing Authority	79	53	26	49%	Council's forecast modelling suggests that peak debt will be incurred in 2024/2025. LGFA special distribution payments are calculated relative to average deposit and loan levels held during the course of the financial year.
2d					
Reimbursements					
Private Works	51	19	32	168%	Correction to coding. \$35k DIT for median maintenance. Has been charged in prior years. Belgravia deficit decreased from previous year. Electricity large driver of reduction.
Wulanda	830	975 -	145	-15%	
Other	260	236	24	10%	
Total Reimbursements	1,141	1,230 -	89	-7%	
2e					
Other Income					
Insurance and other recoupments - IPPE	121	80	41	51%	WC special dist income Bequest of \$25k for the RACC
Sundry	430	361	69	19%	
Donations	105	73	32	44%	
Caroline Landfill	41	2,155 -	2,114	-98%	A once off adjustment to correct prior year accounting treatment for Caroline Landfill valued at \$2.155m forms the basis of the large decrease in other income. Council unertook significant during the 2023/2024 financial year and engaged consultants which resulted in the methodology of calculating the net present value of Caroline Landfill future restoration provisions differently. In consultation with Auditors, Dean Newbery, this adjustment was made of operating revenue rather than via Other Comprehensive Income (equity). For the first time since implementation, Council has started receiving royalties for Caroline Landfill.
Total other income	697	2,669 -	1,972	-74%	

2f					
Grants, Subsidies and Contributions					
Other grants, subsidies and contributions - capital					
Roads to Recovery	574	430	144	33%	5 year fundingbase funding increase. 2024/2025 first year of increase
Untied - Local Roads and Community Infrastructur	591	509	82	16%	
Boundary Roads Contributions	60	50	10	20%	DC Grant contribution returned to \$60k as per years prior to 23/24
Total Other grants, subsidies and - capital	1,225	989	236	24%	
Operating grants, subsidies and contributions					
Regional Transport Subsidy program	90	134	- 44	-33%	
Untied - Financial Assistance Grant	6,765	263	6,502	2472%	Financial Assistance Grants advance payment not received in 2023/2024. Advance payment for 2024/2025 only 50%, previous years has been 85%. Received
Library and communications	153	165	- 12	-7%	
Sundry	83	110	- 27	-25%	
Total operating grants, subsidies and contributions	7,091	672	6,419	955%	
Amounts received specifically for new or upgraded assets	67	216	- 149	-69%	
Total Grants, Subsidies and Contributions	8,383	1,877	6,506	347%	

	2025	2024	Variance	% vairance PY	
3a	\$'000	\$'000	\$'000		
Employee costs					
					Annual Salary increase of 3.5%. Cleaners brought in house part way through 23/24 with 24/25 being first full year of operations. Volunteer Management and SROSS roles plus 2 additional FTE's per year. Tourism and Visitor services team expanded to take on Engelbrecht and Umpherston/Balambul operations part way through the year. Engelbrecht expenses largely offset by an increase in revenue for tours. Long outstanding vacancies from 23/24 that were filled in 24/25 include: General Manager People Place and Liveability, Environmental Health Officer (x2), Planning Officer, Team Leader Waste. Transition of an IT contractor to an employee.
salaries and wages	14,011	12,208	1,803	15%	increase in employment will see increase in oncosts
employee leave expense	1,852	1,617	235	15%	increase in salaries results in increase to superannuation. Also noting additional legislated
superannuation	1,799	1,512	287	19%	0.5% super guarantee increase.
workers compensation insurance	753	590	163	28%	confidential workers compensation matter
other employee related costs	309	277	32	12%	
Less: capitalised and distributed costs	- 913	- 912	- 1	0%	
Total operating employee costs	17,811	15,292	2,519	16%	

3b						
Materials, contracts and other expenses						
Prescribed						
Auditors remuneration	27	28	-	1	-4%	Fixed fee contract
Elected Members expenses	250	243		7	3%	
Election expenses	9	10	-	1	-10%	
Total prescribed expenses	286	281		5	2%	
other materials, contracts and expenses						
contractors	7,999	8,100	-	101	-1%	Reduction to Belgravia payments reduction to electricity usage, main contributor Wulanda from improvements to plant room, heating and cooling and operations in general. suitably qualified staff are assisting to keep Council legal costs contained. During 24/25 Council had minimal litigation matters.
energy	1,780	1,827	-	47	-3%	
legal expenses	153	219	-	66	-30%	
levies paid to government - Regional						
Landscape Levy recovered	1,407	1,351		56	4%	
Sundry	225	189		36	19%	
Contributions/Donations	495	547	-	52	-10%	
Insurance	661	635		26	4%	
levies paid to government - EPA, ESL & Dog						
levies	2,028	1,925		103	5%	Increase in cost for dog registrations results in a corresponding increase in dog levies paid.
Materials	1,608	1,564		44	3%	
Training	151	133		18	14%	
Water	264	257		7	3%	
Communication	204	238	-	34	-14%	Reductions to consultants are largely timing and cyclical related including: reduced actual masterplanning costs in 24/25, no revaluation consultants in 24/25 (last revaluation in 23/24), 23/24 saw a once off investment in electricity/energy consultants.
Consultants	527	722	-	195	-27%	
Licences and Subscriptions	1,322	1,332	-	10	-1%	
Total other materials, contracts and expenses	18,824	19,039		215	-1%	
Total Materials, contracts and other expenses	19,110	19,320		210	-1%	

3c					
Depreciation					
Buildings and Structures	4,572	4,560	12	0%	
Infrastructure					
Stormwater Drainage	323	319	4	1%	
Kerbing and Footpaths	1,621	1,603	18	1%	
Roads	2,471	2,400	71	3%	
Carparks	240	240	-	0%	
Right of use assets	161	217	-	56	-26%
					A number of leases changing over in the coming financial year
					landfill compactor is Council's most expensive item of plant and was renewed during
					24/25. Council has expanded its plant and equipment fleet to include an additional
					garbage compactor. Council has improved its monitoring and alignment of consumption
					of the use of plant and equipment when changes occur to the length of use.
					Cell 4A construction completed September 2025. Legal obligation to cap Cell 4A results in
					fixed assets also increasing by the expected capping provision. In 23/24 Cell 3C was being
					overfilled and fully depreciated, resulting in reduced depreciation expenses for waste
					management in the prior year.
Plant and equipment	1,145	775	370	48%	
Waste management	1,011	345	666	193%	
office equipment	279	281	-	2	-1%
other assets	56	49	7	14%	
Total Depreciation	11,879	10,789	1,090	10%	
Impairment					
capital works in progress	23	6	17	283%	
Total Depreciation, amortisation and impairment					
	11,902	10,795	1,107	10%	
3d					
Finance Costs					
Interest on loans	1,717	1,706	11	1%	Lowering interest rates coupled with higher debt position
Interest on leases	11	32	-	21	-66%
					A number of leases changing over in the coming financial year
					Cell 4A capping provision brought in as construction completed of Cell 4A in September
					2024 which triggered the legal obligation for recognition. The provision is required to be
					unwound based on the same period for consumption in use of the cell.
Unwinding of present value discounts	155	84	71	85%	
Total finance costs	1,883	1,822	61	3%	

Enclosure 2 – Changes in accounting practices and policies

Changes have been made to the following:

1. Asset Accounting Policy – indexation applied which resulted in \$3.175m uplift in asset values as at 30/06/2025.
2. Accounting for Reserves – A review was undertaken of Council's equity reserves. A draft procedure has been prepared and discussed with the Executive Team. Following this it was forwarded to the External Auditors. The procedure is scheduled to be included at the November 2025 Audit and Risk Committee Meeting. The outcome of this review results in reserves being removed where analysis showed their expenditure exceeded their revenue and where they had been absorbed into general Council operations and had been treated so for budget and other accounting purposes. The reserves removed include:
 - a. Cemetery \$711k
 - b. Christmas Parade \$0 (deficit for a number of years)

Further to this following a Council resolution, Building Asset Maintenance reserve was established for \$362k per the sale of Lawrence Street properties.

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5.4 COMPARISON OF ACTUAL TO BUDGET FOR THE YEAR ENDED 30 JUNE 2025

Author: Kahli Rolton, Manager Financial Services
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

RECOMMENDATION

1. That Council report titled 'Comparison of Actual to Budget for the year ended 30 June 2025' as presented on Wednesday 24 September 2025 be noted.

PURPOSE

The purpose of this report is to table a comparison of the audited financial statements of Council for the year ended 30 June 2025 against the adopted budget. Evaluating variances between actual results and adopted budget ensures that financial performance is monitored and outcomes are transparent for key stakeholders including elected members, community, auditors and regulators.

TERMS OF REFERENCE

1.3 Functions -

The functions of the Audit and Risk Committee include

- a. reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- b. proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan.

RELEVANT LEGISLATION

Local Government (Financial Management) Regulations 2011—30.11.2023

10—Report on financial results

1. A council, council subsidiary or regional subsidiary must, by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the council, council subsidiary or regional subsidiary (as the case may be) for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.
2. A council must also include in a report under sub regulation (1) audited financial results for the previous financial year of the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

BACKGROUND / OPTIONS

Annual Business Plans and Budget are developed based on best estimates available at the time of preparation. Council Administration prepares at maximum 4 budget revisions throughout the financial year to account for deviations from the original budget. The first revision starts with carry forwards which are majority made up of capital projects incomplete at the end of the previous year and the last budget revision completed is based on known information as at March, three quarters through the year. Not all deviations are in the direct control of Council and some deviations are deliberate decisions of Council.

Highlights

Income

Total income finished 7% above original budget and 2% under the final revised budget for 2024/2025.

The largest income deviation from budget was the receipt of two advance payments relating to the Financial Assistance Grant program. These timing adjustments have resulted in the recognition of both advance amounts in the 2024/2025 financial year, albeit one advance payment lower than anticipated.

:

- The 2024/2025 advance payment of approximately 85% (\$4.35m), which had originally been anticipated to be received in the 2023/2024 financial year but was instead was received one day late and under accounting standards is required to be recognised in 2024/2025.
- The 2025/2026 advance payment of approximately 50% (\$2.41m), which was also brought forward and received within the 2024/2025 year. In prior years Council had received an advance payment of 85% and budgets were prepared on a similar basis, while an adjustment was brought in for late advance payment, the amount of the 2025/2026 advance payment was not yet known resulting in a variance.

Expenses

Expenditure finished 1% above original budget and 1% under the final revised budget for 2024/2025.

The largest expenditure deviation from budget was employee costs, which were majority offset by a decrease to materials, contracts and other expenses.

Ratios

Financial Sustainability ratios were improved in comparison to last financial year, with all meeting or exceeding their targets with the exception of the asset renewal ratio.

Timing issues in relation to capital expenditure are the main reason for the asset sustainability ratio reporting at 88%, 12% lower than target. It should be noted this is a significant improvement on the prior year asset sustainability ratio of 61%.

- Capital creditors as at 30 June 2025 were significantly lower than the prior year, totalling \$684k, with \$201k attributable to renewal expenditure. In comparison, capital creditors totalled \$1.182m the prior year, with \$598 attributable to renewal expenditure.
- At the end of the financial year c\$0.6m of capital commitments still outstanding related to asset renewal expenditure.

Detailed Analysis

The following analysis shows where Council and Administration have adhered or deviated from the adopted annual budget plan and provides valuable insights for future planning and decision making. Insights identified can be used for future budgets and improving financial management practices.

1. Statement of Other Comprehensive Income

Council posted an operating favourable variance of \$2.929m for the 2024/2025 financial year compared to adopted budget and a (\$904k) unfavourable variance to the final revised budget as shown in the table below.

Statement of Other Comprehensive Inc	2025	2024	% var PY	Original Budget 2025	Variance 2025 to original budget	% var orig budget	Final budget revision 2025	Variance 2025 to final budget	% var final budget
	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	
Income									
Rates	30,388	26,488	15%	30,314	74	0%	30,343	45	0%
Statutory Charges	923	781	18%	896	27	3%	817	106	13%
User Charges	10,408	9,179	13%	9,812	596	6%	10,317	91	1%
Grants, subsidies and contributions - capital	1,225	989	24%	388	837	216%	733	492	67%
Grants, subsidies and contributions - operating	7,091	672	955%	5,250	1,841	35%	9,138	-2,047	-22%
Investment Income	79	53	49%	57	22	39%	79	-	0%
Reimbursements	1,141	1,230	-7%	1,192	51	-4%	1,140	1	0%
Other Income	697	2,669	-74%	665	32	5%	602	95	16%
Total Income	51,952	42,061	24%	48,574	3,378	7%	53,169	-1,217	-2%
Expenses									
Employee costs	17,811	15,292	16%	16,324	1,487	9%	17,224	587	3%
Materials, contracts and other expenses	19,110	19,320	-1%	20,148	-1,038	-5%	19,996	886	-4%
Depreciation, amortisation and impairment	11,902	10,795	10%	11,857	45	0%	11,820	82	1%
Finance costs	1,883	1,822	3%	1,928	-45	-2%	1,979	-96	-5%
Total Expenses	50,706	47,229	7%	50,257	449	1%	51,019	-313	-1%
OPERATING SURPLUS/DEFICIT	1,246	-5,168	-124%	-1,683	2,929	-174%	2,150	904	-42%
Physical resources received free of charge	1,933	2,053	-6%	1,000	933	93%	1,000	933	93%
Asset disposal and fair value adjustments	-1,321	-1,475	-10%	-	-1,321	-	16	-1,337	-8356%
Amounts received specifically for new or upgraded assets	67	216	-69%	250	-183	-73%	38	105	-276%
NET SURPLUS/DEFICIT	1,925	-4,374	-144%	433	2,358	-545%	3,128	-1,203	-38%
Other Comprehensive Income									
Changes in revaluation surplus - IPPE	3,228	45,425	-93%	-	3,228	-	-	3,228	-
Impairment (expense)/recoupments offse to asset revaluation reserve	-113	-177	-36%	-	113	-	-	113	-
TOTAL OTHER COMPREHENSIVE INCOME	5,040	40,874	-88%	433	5,473	-1264%	3,128	1,912	61%

Variiances were mainly driven by the following key influences:

Operating Revenue \$3.378m or 7% more than original budget, favourable variance.

- **User Charges \$596k or 6% favourable variance** – At the time of preparation of the budget, it was not known the impact of bringing Engelbrecht Cave tour and Umpherston/Balambul kiosk operations in house. This has resulted in an additional \$302k of revenue. It should be noted that this revenue is offset by additional expenditure in employee costs and materials. Other key variances include Caroline Landfill \$241k above budget, experienced a 3.5% increase to volumes of waste received from external parties and an increase in revenue for the Waste Transfer Station of \$45k partly driven by a sponsored One-Forty-One dumping day for specific types of waste eg mattresses. The Cemetery and Re-Use Market also had favourable variances, with the cemetery noting a 15% increase from the prior year in the number of cremations.
- **Grants Subsidies and contributions \$2.678m favourable variance** – As highlighted above the 2023/2024 advance payment for Financial Assistance Grants was received late, requiring recognition in the 2024/2025 financial year. This was partially offset by only receiving a 50% advance payment for 2025/2026 in June 2025, rather than the budgeted 85%.

Operating Expenditure \$449k or 1% more than adopted budget, unfavourable variance.

- **Employee Costs \$1.487m unfavourable variance** – a number of items contribute this variance including:
 - bringing in house the operations for Engelbrecht Cave tours \$218k and Umpherston/Balambul kiosk \$131k,
 - the transition of a contractor to an employee,
 - an error in the original budget for long service leave \$260k which was corrected for the final budget,
 - a confidential workers compensation matter, and
 - capitalisation of salaries being less than budget.
- **Materials, Contracts & Other \$1.038m favourable variance** – This category is quite broad and there are many movements within individual line items. For this reason the material movements have been called out:
 - Contractors \$607k – \$500k of this relates strategic projects such as CBD activation and capacity building. \$125k of this is the accounting treatment for Wulanda fee for service split which is offset by revenue. \$122k in reduced parks and gardens expenditure due to the unusual dry year. These are offset by lots of minor overspends, the more notable items including: \$65k for damage incurred in extreme weather (storm) event and transition of contractors to employees \$63k.
 - Consultants \$92k – timing of expenses for the business systems unlocking project
 - Energy \$93k - includes gas and electricity
 - State Government Levies \$69k – majority made up of EPA levies for Caroline Landfill. The actual rate for EPA levy was less estimated at budget preparation.
 - Fuel and Oil \$76K – reductions to fuel prices offsetting increases in usage and some.
 - Trainee Labour \$59k – trainee positioned filled in 24/25 for Mechanic
 - Telephone/internet \$49k - underbudget

Other Comprehensive Income items for consideration include:

- **Physical Resources Free of Charge \$933k or 93% favourable variance** – Assets as a result of development activities.
- **Change in Revaluation Surplus of \$3.228m favourable variance** – includes indexation applied per the Asset Accounting Policy \$3.175m and the remainder due to valuer general increases on Council owned land.

2. Statement of Financial Position

Statement of Financial Position	2025	2024	% var PY	Original Budget 2025	Variance 2025 to original budget	% var orig budget	Final budget revision 2025	Variance 2025 to final budget	% var final budget
ASSETS	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	
Current Assets									
Cash and cash equivalent assets	192	270	-29%	507	- 315	-62%	500	- 308	-62%
Trade and other receivables	2,861	2,531	13%	2,056	805	39%	2,493	368	15%
Inventories	84	76	11%	71	13	18%	78	6	8%
Non-current assets held for sale	-	335	-100%	-	-		-	-	
Total Current Assets	3,137	3,212	-2%	2,634	503	19%	3,071	66	2%
Non-current assets									
Infrastructure, property, plant and equipment	448,597	445,641	1%	448,700	- 103	0%	449,988	- 1,391	0%
Total non-current assets	448,597	445,641		448,700	- 103		449,988	- 1,391	
TOTAL ASSETS	451,734	448,853	1%	451,334	400	0%	453,059	- 1,325	0%
LIABILITIES									
Current liabilities									
Trade and other payables	4,687	5,317	-12%	5,705	- 1,018	-18%	5,035	- 348	-7%
Borrowings	6,135	9,986	-39%	1,337	4,798	359%	14,590	- 8,455	-58%
Provisions	5,171	3,561	45%	3,176	1,995	63%	3,665	1,506	41%
Total current liabilities	15,993	18,864	-15%	10,218	5,775	57%	23,290	- 7,297	-31%
Non-current liabilities									
Borrowings	26,068	27,079	-4%	35,266	- 9,198	-26%	20,838	5,230	25%
Provisions	3,331	1,608	107%	5,486	- 2,155	-39%	4,502	- 1,171	-26%
Total Non-current liabilities	29,399	28,687	2%	40,752	- 11,353	-28%	25,340	4,059	16%
TOTAL LIABILITIES	45,392	47,551	-5%	50,970	- 5,578	-11%	48,630	- 3,238	-7%
NET ASSETS	406,342	401,302	1%	400,364	5,978	1%	404,429	1,913	0%
EQUITY									
Accumulated surplus	89,588	87,287	3%	84,173	5,415	6%	90,414	- 826	-1%
Asset revaluation reserves	315,808	312,693	1%	313,869	1,939	1%	312,693	3,115	1%
Other reserves	946	1,322	-28%	2,322	- 1,376	-59%	1,322	- 376	-28%
TOTAL EQUITY	406,342	401,302	1%	400,364	5,978	1%	404,429	1,913	0%

Key variances to the adopted budget include:

Cash and cash equivalents (\$315k) unfavourable variance – lower cash balance reflecting treasury management policy of minimising cash balances and borrowing levels. Cash balances reported on a weekly basis to executive management.

Trade & Other Receivables \$1.018m favourable variance – contributors to this variance include new waste debtor onboarding, increases to fees and charges including Caroline Landfill, forecast debtor days in financial modelling not aligning to actual.

Trade & Other Payables \$805k favourable variance – forecast budget was based off a higher than usual balance as at 30 June 2024 due to the final creditor payment run for the year not occurring early July 2024.

Borrowings (current and non-current) \$4.4m favourable variance – borrowings are lower than the adopted budget mainly due to timing of the capital works program and Caroline Landfill capping expenditure on capping provision for Cell 3C.

Other Reserves \$1.376m unfavourable variance – This is largely due to undertaking a review of reserve accounting and following improved analysis where reserves that had not incurred any change for a number of years, but under the analysis expenditure exceeded revenue have been

removed, such as the Cemetery Reserve and Christmas Parade. These reserves are considered general Council operations and have been treated so for budget and other accounting purposes.

3. Key Financial Ratios

Ratio	Draft Actual 2024/25	Original Budget 2024/25	Final budget revision 2024/25	Variance comments
Operating Surplus Ratio	2.40% -2.40% adjusted	-3.50%	4.00%	Driven by receipt of financial assistance grants
Net Financial Liabilities Ratio	81% 85% adjusted	100%	86%	Driven by reduced borrowings due to timing of capital expenditure and treasury management practices and increased operating income as a base.
Asset Renewal Funding Ratio	88%	100%	105%	Driven by carry forward of \$2.805m, with \$1.475m relative to renewal capital expenditure, some of which relates to timing of plant purchases and supply chain lead time.

DETAILED IMPLICATIONS

Legal	n/a
Financial and Budget	Detailed in background section above
Other Resources	n/a

RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
Finance	Moderate (3)	Possible (3)	Moderate	That the organisation will not remain sustainable in the long term. Budget management and accountability.	Regular review of financial results and ratios.

RELEVANT COUNCIL POLICY

[Budget Framework - B300](#)

IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

n/a

CONCLUSION

Council's end of year results as shown in the audited financial statements indicate its ongoing financial position has been impacted by the timing of capital expenditure, inflationary pressures and grant revenue.

Maintaining Council's position by working within annual and long term financial targets is crucial in achieving the long term financial plan, ensuring financial sustainability and building capacity to achieve Council's long term strategic goals.

ATTACHMENTS

Nil

5.5 AUDIT AND RISK COMMITTEE MEETING REPORT

Author: Kahli Rolton, Manager Financial Services
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

RECOMMENDATION

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 21 October 2025.

PURPOSE

A report to Council after the Audit and Risk Committee meeting, summarising the work of the committee preceding the meeting and the outcomes of the meeting.

TERMS OF REFERENCE

N/A

RELEVANT LEGISLATION

Section 126 of the Local Government Act effective from 30 November 2023

requires that the following report is prepared as shown below:

(8) A council audit and risk committee must—

(a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting;

BACKGROUND / OPTIONS

Period Preceding the September Meeting:

1. **Email to Committee 10 June 2025** – Audit and Risk Committee Meeting Summary Report was presented to Council Meeting on 17 June 2025. Members were requested to review the report and provide any feedback prior to the meeting.
2. **Letter to Independent Members 10 June 2025** – Superannuation Compliance Update and Information Request. Council is collecting personal and superannuation details from independent committee members to prepare for possible superannuation contributions on sitting fees, following updated guidance. No payments will be made yet, but members are asked to submit their details and complete a form by 20 June 2025.
3. **Email to Committee 30 July 2025** – Audit and Risk Committee meeting originally scheduled for 6 August 2025 was deferred, as confirmed by Presiding Member and rescheduled to 24 September 2025 with the rating review workshop to remain.
4. **Information Briefing Session 6 August 2025** – An Information Briefing Session was held with Audit and Risk Committee Members and Council Elected Members, with representatives from LGiQ in attendance, to discuss the draft report on the Review of the Basis of Rating and enable the Audit and Risk Committee to provide feedback to be presented to Council for consideration.

5. **Email to Committee 21 August 2025** – Following the LGiQ Rating Review Workshop, a summary document of proposed recommendations was circulated to Committee Members. The document includes; The draft report, administrative comments and Audit and Risk Comments. Members were requested to review the content and forward feedback to Kahli Rolton, Manager Financial Services by 27 August 2025. Feedback was received by Committee Member Alex Brown and Belinda Johnson.
6. **Meeting with Committee Member Alex Brown 27 August 2025** – Following the Rating Review internal briefing held 6 August 2025, a meeting was held with Council staff Jo Scheidl, Revenue Coordinator and Kahli Rolton, Manager Financial Services and Committee member Alex Brown (also an employee at the City of Unley) to discuss the City of Unley's journey on changing the basis of rating for Short Stay Rental Accommodation.
7. **Email to Committee 5 September 2025** – The Audit and Risk Committee meeting originally rescheduled to 24 September 2025 has been deferred, as confirmed by the Presiding Member, and moved to 8 October 2025. Auditors, who have been onsite recently, advised their report will not be ready for the September meeting but can be finalised if the meeting is held on the new date, allowing time for a workshop with the Committee.
8. **Email to Committee 17 September 2025** – Audit and Risk Committee meeting email sent to confirm availability to change meeting to 24 September 2025 as originally deferred to ensure meet legislative requirement of holding an Audit and Risk Committee meeting in each quarter of the year and on the basis that the External Auditors will be available to present their findings.
9. **Email to Committee 17 September 2025** - Memo sent to Audit and Risk Committee containing the draft of the Audit and Risk Committee's Self-Assessment and Annual Report for 2024/2025 for review. Members asked to provide feedback or suggestions by 24 September 2025.
At the time of writing this report feedback had been received by the Presiding Member, Paul Duka, Committee Member Belinda Johnson and Council Committee member Cr Paul Jenner.
10. **Council Member Briefing** – Meeting held as required between the Council Member Audit and Risk Committee representative and General Manager Corporate and Regulatory Services, Manager Financial Services to provide a briefing on the reports included in the agenda prior to the meeting.
11. **Presiding Member Pre-Meeting** - Meeting held as required between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.

Outcomes of the Meeting:

The outcomes of this meeting will be summarised in a report direct to Council.

CONCLUSION

The recommendation to Council is that they note the report as presented (in conjunction with the minutes of the meeting).

ATTACHMENTS

Nil

- 6 URGENT MOTIONS WITHOUT NOTICE**

- 7 CONFIDENTIAL ITEMS**
 - 7.1 NEW CONFIDENTIAL ITEMS – NIL**

- 8 MEETING CLOSE**

- 9 ATTACHMENT - PREVIOUS COMMITTEE MINUTES**



MINUTES

Audit and Risk Committee Wednesday 4 June 2025



Minutes of the Audit and Risk Committee held at:

Time: 5:30 pm
Date: Wednesday 4 June 2025
Location: Council Chamber - Civic Centre
10 Watson Terrace, Mount Gambier

PRESENT: Mayor Lynette Martin (OAM)
Mr Paul Duka (Presiding Member)
Cr Paul Jenner
Mr Alexander Brown
Ms Belinda Johnson

OFFICERS IN ATTENDANCE:	Chief Executive Officer	- Mrs S Philpott
	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Financial Services	- Ms K Rolton
	Manager Engineering, Design and Assets	- Abdullah Mahmud
	Manager Governance and Property	- Ms B Shelton (virtual)
	Executive Administrator	- Mrs S Spears

1 ACKNOWLEDGEMENT OF COUNTRY

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 FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGIES

Nil

3 CONFIRMATION OF MINUTES

3.1 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION ARC 2025/16

Moved: Alexander Brown
Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee Meeting held on 2 April 2025 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil

5 REPORTS

5.1 DRAFT 2025/2026 ANNUAL BUSINESS PLAN AND BUDGET

COMMITTEE RESOLUTION ARC 2025/17

Moved: Alexander Brown

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled 'Draft 2025/2026 Annual Business Plan and Budget' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft 2025/2026 Annual Business Plan and Budget and/or the associated processes and risks, as follows:
 - Notes the achievement of a balanced budget for 25/26 and the positive trend in the other financial indicators;
 - The Annual Business Plan and Budget final to include the financial ratios;
 - Consideration for the next draft Annual Business Plan and Budget to include the rate in the dollar and average rate increase and the final then to demonstrate the degree of change since the draft, if practicable;
 - Congratulations to the Council and Administration on the new structure of the document; and
 - Notes the response to the ESCOSA recommendations contained across both the Annual Business Plan and Budget and the Long Term Financial Plan;

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 17 June 2025 for consideration of the adoption of the Draft 2025/2026 Annual Business Plan and Budget.

CARRIED

5.2 DRAFT LONG TERM FINANCIAL PLAN FOR PUBLIC CONSULTATION

COMMITTEE RESOLUTION ARC 2025/18

Moved: Paul Duka

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Draft Long Term Financial Plan for Public Consultation' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2026-2035 and/or the associated processes and risks, as follows:
 - Financial sustainability in the longer term demonstrates careful debt management, surplus budgets and positive asset renewal funding for the term of the plan;
 - Consideration during the Rating Review about how growth is treated in future iterations of the budget and long term financial plan;

- Next iteration of the Long Term Financial Plan to consider the application of accumulated cash to either offset the sustainability margin or offset asset management plan requirements;
- Notes the response to the ESCOSA recommendations contained across both the Annual Business Plan and Budget and the Long Term Financial Plan;
- Notes that the Waste management costs increases are predicated on the current waste financial models, and final outcomes will be dependant on design of future cells and capping, and other issues including, but not limited to leachate;
- Notes that the Long Term Financial Plan is giving a more accurate projection of the longer term, informed by work on asset management, depreciation analysis, waste financial modelling and other inputs; and
- Congratulations to the Council and Administration on the new structure of the document;

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 17 June 2025 for consideration of the adoption of the Draft Long Term Financial Plan 2026-2035.

CARRIED

5.3 ASSET MANAGEMENT PLANNING APPROACH

COMMITTEE RESOLUTION ARC 2025/19

Moved: Cr Paul Jenner

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee report titled 'Asset Management Planning Approach' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee:
 - (a) Endorse the progress made from July 2024 to February 2025 in implementing the Asset Management Strategy;
 - (b) Note the ongoing actions to reconcile renewal expenditure against depreciation and improve asset condition data collection for the purposes of ensuring depreciation accurately reflects the rate of asset consumption and that asset renewal and replacement is fully funded; and
 - (c) Support the continued development of class-by-class breakdowns in the Asset Management Plans, ensuring alignment with the Long-Term Financial Plan (LTFP);
3. That a further report will be presented to the Audit and Risk Committee following the conclusion of the detailed condition audits (currently in progress) that includes considerations to maintenance scheduling and depreciation.
4. That the integrated approach of the Assets and Finance teams to progressing the asset management strategy is acknowledged.

CARRIED

5.4 RISK APPETITE STATEMENT

7:01pm - Brittany Shelton joined meeting virtually.

7:20pm - Brittany Shelton left the meeting.

COMMITTEE RESOLUTION ARC 2025/20

Moved: Alexander Brown

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Risk Appetite Statement' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee receive and note the draft Risk Appetite Statement for City of Mount Gambier and amended Risk Management Policy.

CARRIED

5.5 2024/2025 EXTERNAL AUDIT INTERIM MANAGEMENT REPORT

COMMITTEE RESOLUTION ARC 2025/21

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled '2024/2025 External Audit Interim Management Report' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee:
 - (a) Have reviewed the findings of the audit with the external auditor, Dean Newbery at a workshop held prior to the commencement of the meeting;
 - (b) Are satisfied with the external auditor's effectiveness to arrive at their findings and considerations raised for balance date audit;
 - (c) Have reviewed Management's responses contained in this report and are satisfied they address the findings of the external auditor per the interim audit management letter.
3. That actions arising as a result of the interim audit 2024/2025 will be overseen by the Audit and Risk Committee as updated/completed.

CARRIED

5.6 QUARTERLY INTERNAL AUDIT UPDATE

COMMITTEE RESOLUTION ARC 2025/22

Moved: Mayor Lynette Martin

Seconded: Belinda Johnson

1. That Audit and Risk Committee report titled 'Quarterly Internal Audit Update' as presented on Wednesday 4 June 2025 be noted.
2. That Audit and Risk Committee note the progress achieved on the actions resulting from the internal audits already completed be noted.
3. That Audit and Risk Committee note that two internal audit projects—Procurement and Contract Management—have been completed, with reports to be presented to the Committee in June 2025, and that the Rating Review audit is underway, scheduled for completion in the 2025/2026 financial year in line with Council's request.

CARRIED

5.7 INTERNAL AUDIT PROCUREMENT AND CONTRACT MANAGEMENT

COMMITTEE RESOLUTION ARC 2025/23

Moved: Paul Duka

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Internal Audit Procurement and Contract Management' as presented on Wednesday 4 June 2025 be noted.
2. That it be noted that progress achieved on the actions resulting from the internal audits for procurement and contract management will be reported in future internal audit updates.

CARRIED

5.8 WORK HEALTH SAFETY (WHS) AND WELLBEING QUARTERLY REPORT - JANUARY - MARCH 2025

COMMITTEE RESOLUTION ARC 2025/24

Moved: Alexander Brown

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee report titled 'Work Health Safety (WHS) and Wellbeing Quarterly Report - January - March 2025' as presented on Wednesday 4 June 2025 be noted.

CARRIED

5.9 AUDIT AND RISK COMMITTEE MEETING REPORT

COMMITTEE RESOLUTION ARC 2025/25

Moved: Paul Duka

Seconded: Cr Paul Jenner

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 17 June 2025.

CARRIED

6 URGENT MOTIONS WITHOUT NOTICE

Nil

7 CONFIDENTIAL ITEMS

Nil

8 MEETING CLOSE

The meeting closed at 7:39 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 6 August 2025.

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PRESIDING MEMBER