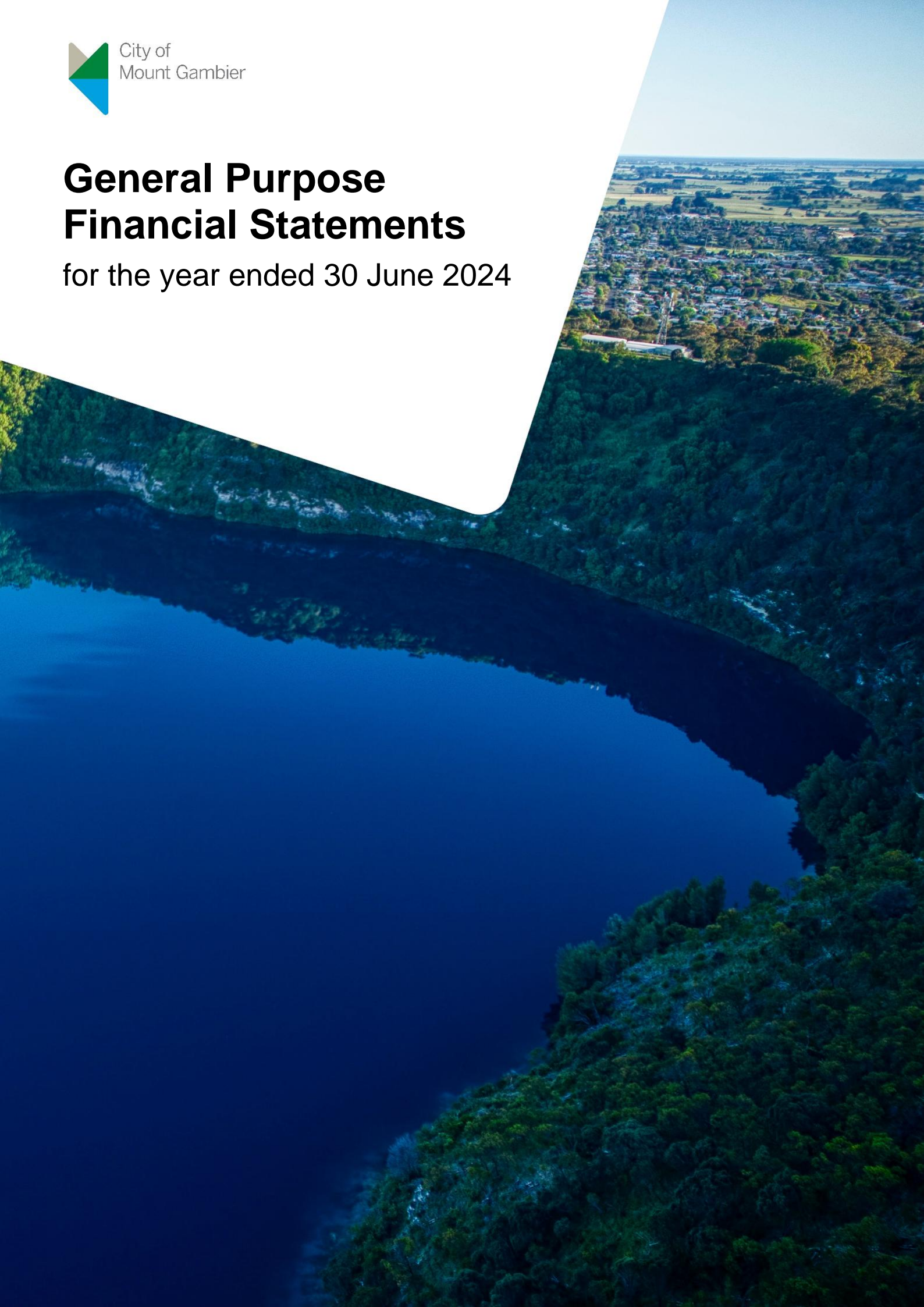


General Purpose Financial Statements

for the year ended 30 June 2024



City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2024

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City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2024

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 2024 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.



Sarah Philpott
CHIEF EXECUTIVE OFFICER

Date: 19/11/2024



Lynette Martin
MAYOR

Date: 19/11/2024

City of Mount Gambier

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	Restated 2023
Income			
Rates	2a	26,488	24,893
Statutory charges	2b	781	731
User charges	2c	9,179	6,947
Grants, subsidies and contributions - capital	2g	559	1,071
Grants, subsidies and contributions - operating	2g	1,102	6,402
Investment income	2d	54	49
Reimbursements	2e	1,230	755
Other income	2f	2,668	551
Total income		<u>42,061</u>	<u>41,399</u>
Expenses			
Employee costs	3a	15,292	14,365
Materials, contracts and other expenses	3b	19,320	17,460
Depreciation, amortisation and impairment	3c	10,795	10,176
Finance costs	3d	1,822	1,094
Total expenses		<u>47,229</u>	<u>43,095</u>
Operating surplus / (deficit)		<u>(5,168)</u>	<u>(1,696)</u>
Physical resources received free of charge	2i	2,053	1,054
Asset disposal and fair value adjustments	4	(1,475)	(364)
Amounts received specifically for new or upgraded assets	2g	216	5,808
Net surplus / (deficit)		<u>(4,374)</u>	<u>4,802</u>
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	8a	45,425	90,897
Impairment (expense) / recoupments offset to asset revaluation reserve	8a	(177)	(575)
Total amounts which will not be reclassified subsequently to operating result		<u>45,248</u>	<u>90,322</u>
Total other comprehensive income		<u>45,248</u>	<u>90,322</u>
Total comprehensive income		<u>40,874</u>	<u>95,124</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 2024

\$ '000	Notes	2024	Restated 2023
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	270	76
Trade and other receivables	5b	2,531	3,443
Inventories	5c	76	67
Subtotal		<u>2,877</u>	<u>3,586</u>
Non-current assets held for sale	17	335	–
Total current assets		<u>3,212</u>	<u>3,586</u>
Non-current assets			
Infrastructure, property, plant and equipment	6	445,641	399,756
Total non-current assets		<u>445,641</u>	<u>399,756</u>
TOTAL ASSETS		<u>448,853</u>	<u>403,342</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7a	5,317	4,801
Borrowings	7b	9,986	7,088
Provisions	7c	3,561	3,011
Total current liabilities		<u>18,864</u>	<u>14,900</u>
Non-current liabilities			
Borrowings	7b	27,079	24,519
Provisions	7c	1,608	3,495
Total non-current liabilities		<u>28,687</u>	<u>28,014</u>
TOTAL LIABILITIES		<u>47,551</u>	<u>42,914</u>
Net assets		<u>401,302</u>	<u>360,428</u>
EQUITY			
Accumulated surplus		87,287	87,644
Asset revaluation reserves	8a	312,693	271,174
Other reserves	8b	1,322	1,610
Total equity		<u>401,302</u>	<u>360,428</u>

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 2024

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
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) / recoupments offset to ARR	6a	–	(177)	–	(177)
Other comprehensive income					
		–	45,248	–	45,248
Total comprehensive income		(4,374)	45,248	–	40,874
Transfers between reserves	8b	288	–	(288)	–
Transfer between ARR and Accumulated surplus		3,729	(3,729)	–	–
Balance at the end of period		87,287	312,693	1,322	401,302

\$ '000	Notes	Accumulated surplus Restated	Asset revaluation reserve	Other reserves Restated	Total equity Restated
2023					
Balance as at 1 July		83,080	180,852	1,372	265,304
Net surplus / (deficit) for year		4,802	–	–	4,802
Other comprehensive income					
Gain (loss) on revaluation of IPP&E	6a	–	90,897	–	90,897
IPP&E impairment (expense) / recoupments offset to ARR	6a	–	(575)	–	(575)
Other comprehensive income					
		–	90,322	–	90,322
Total comprehensive income		4,802	90,322	–	95,124
Transfers between reserves	8b	(238)	–	238	–
Transfer between ARR and Accumulated surplus		–	–	–	–
Balance at the end of period		87,644	271,174	1,610	360,428

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 2024

\$ '000	Notes	2024	2023
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		26,501	24,803
Statutory charges		781	731
User charges		9,179	6,947
Grants, subsidies and contributions		1,102	6,419
Investment receipts		54	49
Reimbursements		1,230	755
Other receipts		1,349	50
<u>Payments</u>			
Payments to employees		(14,663)	(14,081)
Payments for materials, contracts and other expenses		(19,843)	(15,666)
Finance payments		(1,719)	(720)
Net cash provided by (or used in) operating activities	9b	3,971	9,287
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		307	1,071
Amounts received specifically for new or upgraded assets		216	5,142
Sale of replaced assets		110	40
Sale of surplus assets		-	20
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,528)	(5,370)
Expenditure on new/upgraded assets		(6,188)	(18,216)
Net cash provided (or used in) investing activities		(9,083)	(17,313)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from loans		8,374	10,000
Proceeds from bonds and deposits		64	22
<u>Payments</u>			
Repayments of loans		(2,930)	(1,905)
Repayment of lease liabilities		(202)	(265)
Net cash provided by (or used in) financing activities		5,306	7,852
Net increase (decrease) in cash held		194	(174)
plus: cash & cash equivalents at beginning of period		76	250
<u>Cash and cash equivalents held at end of period</u>	9a	270	76

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 2024

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 2024

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 2024

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

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 13 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

Construction contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(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 11.

(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 2024

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.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 reclassified to current liabilities. \$3.92M has been reclassified to current from non-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 4.00% (2023, 3.85%)

Weighted avg. settlement period 1 year (2023, 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 16.

(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 has adjusted the methodology in calculating the net present value of future restoration costs over the life of the landfill site. This has resulted in an impact to other income of \$2,155,237 and subsequent reduction to the future restoration provision, liability recorded.

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 management strategic plan which will be used as the basis for the waste master plan and 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 the review of the landfill capping and closure estimates is completed in line with the adoption of the waste master plan. 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 2024

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, as follows:

Office 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 which are yet effective and have determined that there is no expected material impact on the reported financial position or performance.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 2. Income

\$ '000	2024	2023
(a) Rates		
General rates		
General rates	22,164	20,874
Less: mandatory rebates	(269)	(240)
Less: discretionary rebates, remissions and write-offs	(17)	(18)
Total general rates	21,878	20,616
Other rates (including service charges)		
Landscape levy	1,352	1,240
Waste collection	3,097	2,916
Total other rates (including service charges)	4,449	4,156
Other charges		
Penalties for late payment	122	93
Legal and other costs recovered	39	28
Total other charges	161	121
Total rates	26,488	24,893
(b) Statutory charges		
Development fees	189	200
Town planning fees	250	171
Animal registration fees and fines	223	245
Parking fines / expiation fees	42	44
Other licences, fees and fines	77	71
Total statutory charges	781	731
(c) User charges		
Cemetery/crematoria fees	911	834
Hall and equipment hire	14	19
Property lease	298	256
Sales - general	76	164
Sundry	36	49
Wulanda	2,726	1,310
Green Waste Collection	35	35
Landfill Charges	4,711	3,930
Sales - Waste Transfer Station	372	350
Total user charges	9,179	6,947
(d) Investment income		
Local Government Finance Authority	53	48
- Banks and other	1	1
Total investment income	54	49

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 2. Income (continued)

\$ '000	2024	2023
(e) Reimbursements		
Private works	19	9
Wulanda	975	649
Other	236	97
<u>Total reimbursements</u>	<u>1,230</u>	<u>755</u>

\$ '000	2024	2023 Restated
(f) Other income		
Insurance and other recoupments - infrastructure, property, plant and equipment	80	95
Sundry	361	285
Donations	72	64
Open Space Contributions	–	107
Caroline Landfill	2,155	–
<u>Total other income</u>	<u>2,668</u>	<u>551</u>

\$ '000	2024	2023
(g) Grants, subsidies and contributions		
Capital grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	216	5,808
Total amounts received for new or upgraded assets	<u>216</u>	<u>5,808</u>
Other grants, subsidies and contributions - capital		
Untied - Local Roads and Community Infrastructure	509	904
Boundary Roads Contributions	50	167
Total Other grants, subsidies and contributions - capital	<u>559</u>	<u>1,071</u>
Operating grants, subsidies and contributions		
Regional Transport Subsidy Program	134	159
Untied - Financial Assistance Grant	263	5,542
Roads to Recovery	430	421
Library and communications	165	165
Sundry	110	115
Other grants, subsidies and contributions - operating	<u>1,102</u>	<u>6,402</u>
Total other grants, subsidies and contributions - operating	<u>1,102</u>	<u>6,402</u>
<u>Total grants, subsidies and contributions</u>	<u>1,877</u>	<u>13,281</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 2. Income (continued)

\$ '000	2024	2023
(i) Sources of grants		
Commonwealth Government	950	6,267
State Government	793	6,771
Other	134	243
Total	1,877	13,281

(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	294	435
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Pine Hall / O'Leary Road	(12)	(363)
Tertiary Education	(30)	(16)
State Bicycle	(7)	(19)
Pinehall Avenue (O'Leary Road to Sunnybrae Road)	(208)	–
Margaret Worth Exhibition	(25)	–
Subtotal	(282)	(398)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Tertiary Education	22	24
Pinehall Avenue (O'Leary Road to Sunnybrae Road)	–	208
Margaret Worth Exhibition	–	25
Subtotal	22	257
Unexpended at the close of this reporting period	34	294
Net increase (decrease) in assets subject to conditions in the current reporting period	(260)	(141)

(i) Physical resources received free of charge

Land and improvements	23	60
Roads	1,231	707
Stormwater drainage	508	–
Footpaths & Kerbing	291	287
Total physical resources received free of charge	2,053	1,054

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 3. Expenses

\$ '000	Notes	2024	2023
(a) Employee costs			
Salaries and wages		12,429	11,755
Employee leave expense		1,617	1,405
Superannuation	16	1,512	1,352
Workers' compensation insurance		590	313
Other employee related costs		56	40
Less: capitalised and distributed costs		(912)	(500)
<u>Total operating employee costs</u>		<u>15,292</u>	<u>14,365</u>
Total number of employees (full time equivalent at end of reporting period)		143	135
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		28	27
Elected members' expenses		243	218
Election expenses		10	166
Subtotal - prescribed expenses		<u>281</u>	<u>411</u>
(ii) Other materials, contracts and expenses			
Contractors		8,100	6,487
Energy		1,827	1,716
Legal expenses		219	193
Levies Paid to Government - Regional Landscape levy recovered		1,351	1,241
Sundry		189	806
Contributions/Donations		547	460
Insurance		635	378
Levies Paid to Government - EPA, ESL & Dog Levies		1,925	1,985
Materials		1,564	1,413
Training		133	178
Water		257	158
Communication		238	274
Consultants		722	519
Licences and Subscriptions		1,332	1,241
Subtotal - Other material, contracts and expenses		<u>19,039</u>	<u>17,049</u>
<u>Total materials, contracts and other expenses</u>		<u>19,320</u>	<u>17,460</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 3. Expenses (continued)

\$ '000	2024	2023
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	4,560	3,525
Infrastructure		
Stormwater Drainage	319	125
Kerbing and Footpaths	1,603	1,238
Roads	2,400	2,020
Carparks	240	256
Right-of-use assets	217	196
Plant and equipment	775	692
Waste Management	345	1,754
Office Equipment	281	208
Other assets	49	47
Subtotal	10,789	10,061
(ii) Impairment		
Capital Work In Progress	6	58
Other Assets	–	57
Subtotal	6	115
Total depreciation, amortisation and impairment	10,795	10,176
(d) Finance costs		
Interest on loans	1,706	1,079
Interest on leases	32	15
Unwinding of present value discounts	84	–
Total finance costs	1,822	1,094

Note 4. Asset disposal and fair value adjustments

\$ '000	2024	2023
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	110	40
Less: carrying amount of assets sold	(1,469)	(404)
Gain (loss) on disposal	(1,359)	(364)
(ii) Assets surplus to requirements		
Proceeds from disposal	–	20
Less: carrying amount of assets sold	(116)	(20)
Gain (loss) on disposal	(116)	–
Net gain (loss) on disposal or revaluation of assets	(1,475)	(364)

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 5. Current assets

\$ '000	2024	2023
(a) Cash and cash equivalent assets		
Cash on hand and at bank	270	76
<u>Total cash and cash equivalent assets</u>	<u>270</u>	<u>76</u>

\$ '000	2024	2023 Restated
(b) Trade and other receivables		
Rates - general and other	873	886
Accrued revenues	–	500
Debtors - general	1,333	1,891
GST recoupment	323	70
Prepayments	2	96
Subtotal	<u>2,531</u>	<u>3,443</u>
<u>Total trade and other receivables</u>	<u>2,531</u>	<u>3,443</u>

\$ '000	2024	2023
(c) Inventories		
Stores and materials	22	37
Trading stock	54	30
<u>Total inventories</u>	<u>76</u>	<u>67</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

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

Infrastructure, property, plant and equipment

	Fair Value Level	as at 30/06/23				Asset movements during the reporting period										as at 30/06/24				
		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 & Transfers	Adjustments	Tfrs from/(to) "Held for Sale" category	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Waste Management	3	10,231	–	(9,841)	390	344	–	–	(345)	–	–	–	–	(232)	–	–	–	9,783	(9,626)	157
Capital work in progress		–	2,362	–	2,362	3,612	678	–	–	(6)	–	(2,307)	–	–	–	–	–	4,339	–	4,339
Land	2	18,039	–	–	18,039	–	–	–	–	–	–	–	(18,039)	–	–	–	–	–	–	–
Land	3	44,727	–	–	44,727	23	–	–	–	–	(25)	–	18,039	–	(335)	7,157	69,586	–	–	69,586
Office Equipment		–	4,206	(1,818)	2,388	–	29	(4)	(281)	–	–	59	–	–	–	–	–	4,110	(1,919)	2,191
Riddoch Collection	3	4,356	–	–	4,356	–	–	–	–	–	–	–	–	–	–	–	4,356	–	–	4,356
Buildings and other structures	2	3,987	33	(2,232)	1,788	–	–	–	–	–	–	–	(1,788)	–	–	–	–	–	–	–
Buildings and other structures	3	101,198	64,300	(53,206)	112,292	1,515	203	(116)	(4,560)	–	(140)	1,609	2,646	–	–	15,625	193,052	852	(64,830)	129,074
Stormwater Drainage	3	8,022	1,831	(2,596)	7,257	557	–	–	(319)	–	(12)	1	–	–	–	18,646	36,090	62	(10,022)	26,130
Kerbing and Footpaths	3	95,653	–	(21,373)	74,280	340	524	(255)	(1,603)	–	–	–	–	–	–	–	95,545	675	(22,934)	73,286
Roads (sub-base, pavement, seal, traffic lights)	3	149,113	–	(34,156)	114,957	2,290	1,320	(1,056)	(2,300)	–	–	637	–	–	–	–	148,594	3,537	(36,283)	115,848
Public Lighting		–	1,573	(24)	1,549	–	–	–	(35)	–	–	–	(858)	–	–	–	–	712	(56)	656
Infrastructure - Other (Retaining walls, safety barriers)		–	412	(15)	397	217	–	(46)	(65)	–	–	–	–	–	–	3,932	5,471	358	(1,394)	4,435
Carparks	3	10,451	162	(3,378)	7,235	–	72	(4)	(240)	–	–	1	–	–	–	65	10,497	168	(3,536)	7,129
Right-of-use assets		–	614	(337)	277	–	14	–	(217)	–	–	–	–	192	–	–	–	625	(359)	266
Plant and equipment		–	10,151	(3,966)	6,185	317	1,299	(147)	(775)	–	–	–	–	–	–	–	–	11,272	(4,393)	6,879
Other assets		–	1,590	(313)	1,277	81	–	–	(49)	–	–	–	–	–	–	–	–	1,672	(363)	1,309
Total infrastructure, property, plant and equipment		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
Comparatives		323,939	94,416	(117,184)	301,171	13,965	4,898	(424)	(10,061)	(115)	(575)	–	–	–	–	90,897	445,777	87,234	(133,255)	399,756

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 2024

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	5,000
Park & Playground Furniture & Equipment	5,000
Road construction & reconstruction	5,000
Paving & Footpaths, Kerb & Gutter	5,000
Stormwater Drainage	5,000
Waste Management	5,000

Estimated Useful Lives

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

Plant, Furniture & Equipment

Office Equipment	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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 2024 based on Valuer General valuations provided to Council.

- Basis of valuation: Fair Value/Site value, Land Valuation Act 1971
- Date of valuation: 30 June 2024
- 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. These assets and other historical collections are not depreciated.

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

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 has been a 13% average increase in depreciation for buildings and structures as a result of the revaluation undertaken.

- Basis of valuation: Fair Value/Market Value/Current Gross Replacement Cost
- Date of valuation: 1 July 2023
- Valuer: AssetVal

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 has been a 59% average increase in depreciation for Other Infrastructure as a result of the revaluation undertaken.

- Basis of valuation: Fair Value/Current Gross Replacement Cost
- Date of valuation: 1 July 2023
- Valuer: iinSights Pty Ltd

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

Infrastructure - Public Lighting

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 useful lives.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 7. Liabilities

\$ '000	2024 Current	2024 Non Current	2023 Current	2023 Non Current
(a) Trade and other payables				
Goods and services	3,804	–	2,477	–
Payments received in advance	472	–	435	–
- Grants and contributions - capital	–	–	252	–
- Other	37	–	43	–
Accrued expenses - employee entitlements	407	–	400	–
Accrued expenses - other	412	–	1,068	–
Deposits, retentions and bonds	172	–	108	–
Other	13	–	18	–
<u>Total trade and other payables</u>	<u>5,317</u>	<u>–</u>	<u>4,801</u>	<u>–</u>

(b) Borrowings

Loans	9,884	26,957	6,930	24,467
Lease liabilities	102	122	158	52
<u>Total Borrowings</u>	<u>9,986</u>	<u>27,079</u>	<u>7,088</u>	<u>24,519</u>

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

(c) Provisions

Employee entitlements (including oncosts)	3,561	239	3,011	167
Cell capping	–	1,200	–	783
Future restoration	–	169	–	2,545
<u>Total provisions</u>	<u>3,561</u>	<u>1,608</u>	<u>3,011</u>	<u>3,495</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 8. Reserves

\$ '000	as at 30/06/23		Transfers	Impairments	as at 30/06/24	
	Opening Balance	Increments (Decrements)			Closing Balance	
(a) Asset revaluation reserve						
Land	52,123	7,156	–	(25)	59,254	
Buildings and other structures	53,310	15,625	1,994	(140)	70,789	
Infrastructure	156,771	22,644	827	(12)	180,230	
Plant and equipment	770	–	(770)	–	–	
Minor Plant	34	–	(34)	–	–	
Waste Management	2,925	–	(2,925)	–	–	
Other assets	5,241	–	(2,821)	–	2,420	
Total asset revaluation reserve	271,174	45,425	(3,729)	(177)	312,693	
Comparatives	180,852	90,897	–	(575)	271,174	

\$ '000	as at 30/06/23		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/24	
	Opening Balance Restated					Closing Balance	
(b) Other reserves							
Mount Gambier Cemetery	711	–	–	–	–	711	
Mayor Christmas Appeal	97	40	(65)	–	–	72	
Junior Sports Assistance Fund	128	24	(17)	–	–	135	
Waste Service Charge	270	–	(270)	–	–	–	
Open Space	404	–	–	–	–	404	
Total other reserves	1,610	64	(352)	–	–	1,322	
Comparatives	1,372	238	–	–	–	1,610	

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

The Mount Gambier Cemetery reserve represents funds that have been separated for any development works or projects that may be required at the Carinya Gardens Cemetery and crematorium.

Mayor Christmas Appeal

The Mayor Christmas Appeal represents bank funds and payables of the City of Mount Gambier related to the Mayor Christmas Appeal and to be used for that purpose.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 8. Reserves (continued)

Junior Sports Assistance Fund

The Junior Sports Assistance Fund reserve represents bank funds and payables of the City of Mount Gambier related to the Junior Sporting Assistance Fund and to be used for that purpose.

Waste Management

Residual monies (income less expenses) from activities relating to waste collection.

Open Space

Monies held from creation of sub-divisions to be used for future open space projects.

Note 9. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2024	2023
(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	270	76
Balances per Statement of Cash Flows		270	76

\$ '000	2024	2023 Restated
(b) Reconciliation of Operating Result		
Net surplus/(deficit)	(4,374)	4,802
Non-cash items in income statements		
Depreciation, amortisation and impairment	10,795	10,176
Non-cash asset acquisitions	(2,053)	(1,054)
Grants for capital acquisitions treated as investing activity	(775)	(6,213)
Net (gain)/loss on disposals	1,475	364
Adjustment Caroline	(2,155)	–
	2,913	8,075
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	912	(467)
Change in allowances for under-recovery of receivables	–	2
Net (increase)/decrease in inventories	(9)	(3)
Net (increase)/decrease in other assets	–	(4)
Net increase/(decrease) in trade and other payables	(467)	1,469
Net increase/(decrease) in unpaid employee benefits	622	215
Net cash provided by (or used in) operations	3,971	9,287

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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	2,053	1,054
Amounts recognised in income statement		2,053	1,054

Non-cash financing (other)

Leases		14	229
Total non-cash financing and investing activities		2,067	1,283

(d) Financing arrangements

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

Bank overdrafts	250	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.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 10(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 10(b).

	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
\$ '000		Restated				Restated				
Functions/Activities										
Administration / Support Services	26,025	29,541	464	8,634	25,561	20,907	263	5,542	9,933	9,675
Community Support	960	858	1,766	1,257	(806)	(399)	–	–	14,374	14,432
Culture	428	401	7,167	4,702	(6,739)	(4,301)	226	207	41,076	34,782
Economic Development	132	150	3,472	2,218	(3,340)	(2,068)	14	–	5,335	4,116
Environment	9,323	6,158	13,976	10,904	(4,653)	(4,746)	134	178	33,469	8,865
Recreation	4,480	3,128	12,941	7,950	(8,461)	(4,822)	544	957	137,374	130,286
Regulatory Services	790	827	2,004	1,253	(1,214)	(426)	–	–	8	13
Transport	515	624	4,869	3,809	(4,354)	(3,185)	480	589	192,607	189,666
Engineering / Indirect	(611)	(295)	541	2,351	(1,152)	(2,646)	–	–	9,696	7,999
Unclassified Activities	–	–	–	–	–	–	–	–	–	–
Other	19	7	29	17	(10)	(10)	–	–	4,981	3,508
Total Functions/Activities	42,061	41,399	47,229	43,095	(5,168)	(1,696)	1,661	7,473	448,853	403,342

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.
The allocation methodology has changed with 2022 restated.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 10(b). Components of functions

The activities relating to Council functions are as follows:

Administration / Support Services

Governance, elected members, organisational, support services, accounting/finance, payroll, human resources, information technology, communication, rates administration, records, occupancy, customer service, other support services, revenues, separate and special rates.

Community Support

Public order and safety, crime prevention, emergency services, other fire protection, other public order and safety, health services, pest control – health, immunisation, preventive health services, other health services, community support, senior citizens facilities, children and youth services, community assistance, other community support, community amenities, bus shelters, cemeteries / crematoria, public conveniences, car parking – non-fee-paying and other community amenities.

Culture

Library services, other library services, cultural services, cultural venues, heritage, museums and art galleries and other cultural services.

Economic development

Regional development, tourism, visitor information and other economic development.

Environment

Animal/plant boards, waste management, domestic waste, green waste, recycling, transfer station, other waste management, other environment, stormwater and drainage, street cleaning, street lighting, street-scaping, Natural Resource Management levy, and other environment.

Recreation

Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – Outdoor, and other recreation.

Regulatory services

Dog and cat control, building control, town planning, clean air/pollution control, litter control, health inspection, parking control, and other regulatory services.

Transport

Footpaths and kerbing, roads – sealed, roads – formed, roads – natural formed, roads – unformed, traffic management and other transport.

Engineering / Indirect

Depot management, indirect and general plant cost not included in other functions.

Governance

Audit & Assurance, Planning and Performance, Legal Services and Major Projects.

Equity accounted Council businesses

Net Gain equity accounting Council businesses

Net Loss equity accounting Council businesses

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 11. 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 are returning fixed interest rates between 4.30% and 4.55% (2023: 1.05% and 4.30%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

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 0.75% (2023: 0.48%). 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:

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.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 11. Financial instruments (continued)

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 4.75% and 5.07%, with fixed interest charged at 6.15%.

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 15.

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 11. 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					
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	5,302	–	–	5,302	4,461
Current borrowings	11,249	–	–	11,249	9,883
Lease liabilities	102	122	–	224	224
Total financial liabilities	16,653	22,518	9,470	48,641	41,526
Total financial assets and liabilities	19,451	22,518	9,470	51,439	44,325
2023					
Financial assets					
Cash and cash equivalents	76	–	–	76	76
Receivables	2,766	–	–	2,766	3,347
Total financial assets	2,842	–	–	2,842	3,423
Financial liabilities					
Non-current borrowings	–	23,080	11,050	34,130	24,467
Payables	4,071	–	–	4,071	3,038
Current borrowings	12,409	–	–	12,409	6,930
Lease liabilities	158	52	–	210	210
Total financial liabilities	16,638	23,132	11,050	50,820	34,645
Total financial assets and liabilities	19,480	23,132	11,050	53,662	38,068

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 11. Financial instruments (continued)

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

\$ '000	2024		2023	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	6.15%	13,920	5.51%	5,545
Fixed interest rates	4.91%	23,145	5.12%	26,062
		<u>37,065</u>		<u>31,607</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.

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 12. Capital expenditure and investment property commitments

\$ '000	2024	2023
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings & Other Structures	247	1,135
- Footpaths and Kerbing	51	-
- Roads	384	10
Plant and equipment	1,036	965
Waste	44	3,203
Other	69	-
	<u>1,831</u>	<u>5,313</u>
These expenditures are payable:		
Not later than one year	1,831	5,313
	<u>1,831</u>	<u>5,313</u>

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 13. Financial indicators

\$ '000	Amounts	Indicator	Indicators	
	2024	2024	Restated 2023	2022
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	<u>(5,168)</u>	(12.3)%	(4.1)%	5.4%
Total operating income	<u>42,061</u>			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
2. Net Financial Liabilities Ratio				
Net financial liabilities	<u>44,750</u>	106%	95%	97%
Total operating income	<u>42,061</u>			
<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	<u>(813)</u>	(1.8)%	(7.5)%	2.1%
Total operating income	<u>46,416</u>			
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	<u>44,750</u>	96%	109%	108%
Total operating income	<u>46,416</u>			
3. Asset Renewal Funding Ratio				
Asset renewals	<u>3,528</u>	61%	88%	79%
Infrastructure and Asset Management Plan required expenditure	<u>5,762</u>			
<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>				

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 14. Uniform presentation of finances

\$ '000	2024	2023 Restated
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.		
<u>Income</u>		
Rates	26,488	24,893
Statutory charges	781	731
User charges	9,179	6,947
Grants, subsidies and contributions - capital	559	1,071
Grants, subsidies and contributions - operating	1,102	6,402
Investment income	54	49
Reimbursements	1,230	755
Other income	2,668	551
Total Income	42,061	41,399
<u>Expenses</u>		
Employee costs	15,292	14,365
Materials, contracts and other expenses	19,320	17,460
Depreciation, amortisation and impairment	10,795	10,176
Finance costs	1,822	1,094
Total Expenses	47,229	43,095
Operating surplus / (deficit)	(5,168)	(1,696)
Net timing adjustment for general purpose grant funding	(4,355)	1,315
Less: grants, subsidies and contributions - capital	(559)	(1,071)
Adjusted Operating surplus / (deficit)	(10,082)	(1,452)
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(3,528)	(5,370)
Add back depreciation, amortisation and impairment	10,795	10,176
Add back proceeds from sale of replaced assets	110	40
	7,377	4,846
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(6,188)	(18,216)
Add back grants, subsidies and contributions - capital new/upgraded	559	1,071
Add back amounts received specifically for new and upgraded assets	216	5,142
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	-	20
	(5,413)	(11,983)
Annual net impact to financing activities (surplus/(deficit))	(8,118)	(8,589)

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 15. 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
2024			
Opening balance	278	–	278
LTD Opening balance adjustments	164	27	191
Additions to right-of-use assets	–	14	14
Depreciation charge	(183)	(34)	(217)
Balance at 30 June	259	7	266
2023			
Opening balance	244	–	244
Additions to right-of-use assets	229	–	229
Depreciation charge	(195)	–	(195)
Balance at 30 June	278	–	278

(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	2024	2023
Balance at 1 July	210	231
LTD Opening balance adjustments	193	–
Additions	14	229
Accretion of interest	32	15
Payments	(225)	(265)
Balance at 30 June	224	210
Classified as:		
Current	102	158
Non-current	122	52

The maturity analysis of lease liabilities is included in Note 13.

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	217	195
Interest expense on lease liabilities	32	15
Total amount recognised in profit or loss	249	210

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 15. 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 16. 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 (11.00% in 2023/24; 10.50% in 2022/23) and enterprise bargaining agreement (1% in 2024 and 2023). 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 2022/23) 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 2024

Note 17. Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Council has decided to sell two vacant parcels of land as surplus to requirements. These parcels of land are not being actively used by Council and have not been identified as required for any strategic purposes in the future. Real estate sales agency agreements have been entered. Council's intention is to sell the properties within 12 months and remains committed to it's plan. Following the end of the reporting period but before the authorisation of these financial statements, new sales agreements have been entered to continue sales progression. The properties are recognised at the lesser of the carrying value and fair value less costs to sell. An impairment loss of \$25,177 has been recognised for one vacant land parcel.

\$ '000	2024	2023
(ii). Carrying amounts of assets and liabilities		
Assets		
Land	335	–
Total assets	335	–
Net assets	335	–

Note 18. 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 233.7 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 deductable "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 2024

Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

4. Landfill

Cells incorporated at the Caroline Landfill site are depreciated based on capacity in use until the cell reaches conceptual height and is considered full. During 2024 an open cell reached conceptual height and continued to receive waste as agreed by the Environmental Protection Authority until a new cell was constructed. Construction of the new cell was completed on 29 August 2024.

At the time of preparing these statements, it is unknown what course of action is required for all or part of the waste that is considered overfilled. Due to this, no liability can reliably be estimated for the quantity or amount of waste that may need to be reallocated to the newly built cell, including amortisation and costs to physically move the waste.

Note 19. 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	2024	2023
The compensation paid to key management personnel comprises:		
Salaries, allowances & other short term benefits	917	1,327
Post-employment benefits	88	119
Long-term benefits	–	41
Total	1,005	1,487

Key management personnel and/or relatives of key management personnel own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. These purchases were made on normal commercial terms on an arm's length basis. No individual purchases from these businesses exceeded \$275.00 with the total cumulative spend for 2023/24 being \$2,586.67.

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

One key management personnel and/or relatives of key management personnel are advisory members in a community based not-for-profit organisation that supports charitable projects, organisations and educational scholarships.

Note 20. Equity - retained earnings and revaluation reserves adjustments

Correction of errors relating to a previous reporting period

Council have restated the Open Space contributions income previously recognised in 2022/2023. Open Space contributions were incorrectly recognised when a development application was received. Open Space contributions are not due and payable until request for land clearance is sought by the developer and relevant conditions met. Open Space contributions totalling \$819,197 was recognised as income, however only \$106,887 was current for that year. A restatement of \$712,310 was required reducing other income, debtors general and equity other reserves.

Adjustments are detailed below and all impacted areas have been identified through the reports with the header of "restated", including relevant notes and updated calculations for financial indicators. Prior to the restatements, operating surplus was reported at (\$984,000) and after the restatement is (\$1,696,000).

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 20. Equity - retained earnings and revaluation reserves adjustments (continued)

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Other Reserves	2,322	(712)	1,610
Change to equity	2,322	(712)	1,610

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Other Income	1,263	(712)	551
Change to Other comprehensive income	1,263	(712)	551

Independent Auditor's Report

To the members of the City of Mount Gambier

Opinion

We have audited the accompanying financial report of the City of Mount Gambier (the Council), which comprises the statement of financial position as at 30 June 2024, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

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

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY

A handwritten signature in black ink, appearing to read 'Samantha Creten', with a large loop at the start and several smaller loops following.

SAMANTHA CRETEN
Director

21 November 2024

HEAD OFFICE

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INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF MOUNT GAMBIER

Opinion

In our opinion, the City of Mount Gambier (the Council) has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2023 to 30 June 2024.

Basis for opinion

We have audited the Internal Controls of the Council under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2023 to 30 June 2024 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council's Responsibility for the Internal Controls

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

Our Independence and Quality Control

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

Assurance Practitioner’s Responsibilities

Our responsibility is to express an opinion on the Council’s compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

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

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

DEAN NEWBERY



SAMANTHA CRETEN
Director

21 November 2024

City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2024

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: 13/11/2024

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Dean Newbery
ABN: 48 007 865 081

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the 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, Part 4A, 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*.



SAMANTHA CRETEN

Director

DEAN NEWBERY

21 November 2024