

City of
Mount Gambier

FINANCIAL STATEMENTS

2020/2021

City of Mount Gambier
General Purpose Financial Reports
for the year ended 30 June 2021

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**City of Mount Gambier
Annual Financial Statements
for the year ended 30 June 2021**

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 2021 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



.....
Lynette Martin
MAYOR

Date: 19/10/2021

City of Mount Gambier
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
INCOME			
Rates	2	22,769	22,138
Statutory charges	2	621	523
User charges	2	4,880	5,318
Grants, subsidies and contributions	2	4,505	4,227
Investment income	2	25	55
Reimbursements	2	60	38
Other income	2	635	439
Total Income		33,495	32,738
EXPENSES			
Employee costs	3	13,058	12,230
Materials, contracts & other expenses	3	14,018	13,263
Depreciation, amortisation & impairment	3	7,940	7,625
Finance costs	3	226	170
Total Expenses		35,242	33,288
OPERATING SURPLUS / (DEFICIT)		(1,747)	(550)
Asset disposal & fair value adjustments	4	(730)	(472)
Amounts received specifically for new or upgraded assets	2	2,677	-
Physical resources received free of charge	2	1,230	737
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,430	(285)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Impairment (expense) / recoupments offset to asset revaluation reserve	3	-	(327)
Total Other Comprehensive Income		-	(327)
TOTAL COMPREHENSIVE INCOME		1,430	(612)

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

City of Mount Gambier
Statement of Financial Position
as at 30 June 2021

ASSETS	Notes	2021	2020
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	1,893	4,406
Trade & other receivables	5	4,181	2,034
Inventories	5	47	55
Total Current Assets		6,121	6,495
Non-current Assets			
Infrastructure, property, plant & equipment	6	263,422	246,843
Total Non-current Assets		263,422	246,843
Total Assets		269,543	253,338
LIABILITIES			
Current Liabilities			
Trade & other payables	7	5,765	2,849
Borrowings	7	447	558
Provisions	7	3,013	2,557
Total Current Liabilities		9,225	5,964
Non-current Liabilities			
Borrowings	7	13,502	2,189
Provisions	7	4,064	3,863
Total Non-current Liabilities		17,566	6,052
Total Liabilities		26,791	12,016
NET ASSETS		242,752	241,322
EQUITY			
Accumulated Surplus		66,406	64,986
Asset Revaluation Reserves	8	175,462	175,462
Other Reserves	8	884	874
TOTAL EQUITY		242,752	241,322

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

City of Mount Gambier
Statement of Changes in Equity
for the year ended 30 June 2021

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2021	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		64,986	175,462	874	241,322
Net Surplus / (Deficit) for Year		1,430	-	-	1,430
Other Comprehensive Income					
Transfers between reserves		(10)	-	10	-
Balance at end of period	8	66,406	175,462	884	242,752
		\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		65,609	175,458	860	241,927
Adjustment due to compliance with revised Accounting Standards		3	-	-	3
Restated opening balance		65,612	175,458	860	241,930
Net Surplus / (Deficit) for Year		(285)	-	-	(285)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	1,237	-	1,237
Impairment (expense) / recoupments offset to asset revaluation reserve		(327)	(1,233)	-	(1,560)
Transfers between reserves		(14)		14	-
Balance at end of period	8	64,986	175,462	874	241,322

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

City of Mount Gambier
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		22,978	21,957
Fees & other charges		621	524
User charges		5,214	5,696
Investment receipts		26	57
Grants utilised for operating purposes		5,210	4,227
Reimbursements		66	42
Other revenues		3,517	1,002
<i>Payments:</i>			
Employee costs		(13,005)	(11,915)
Materials, contracts & other expenses		(17,433)	(14,293)
Finance payments		(212)	(170)
Net Cash provided by (or used in) Operating Activities		6,982	7,127
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		555	-
Sale of replaced assets		393	385
Sale of surplus assets		-	72
Repayments of loans by community groups		-	18
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(5,326)	(5,627)
Expenditure on new/upgraded assets		(16,298)	(3,813)
Net Cash provided by (or used in) Investing Activities		(20,676)	(8,965)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		11,550	-
<i>Payments:</i>			
Repayments of borrowings		(206)	175
Repayment of principal portion of lease liabilities		(163)	-
Net Cash provided by (or used in) Financing Activities		11,181	175
Net Increase (Decrease) in cash held		(2,513)	(1,663)
Cash & cash equivalents at beginning of period	9	4,406	6,069
Cash & cash equivalents at end of period	9	1,893	4,406

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

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

1.5 Covid-19

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's financial performance and financial position are costs of approximately \$73,000 as a result of reduction in commercial rates and assistance with community programs.

It is expected that further financial impacts, though not significant to its financial position, will flow into the 2021/22 financial year.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

3 Income recognition

3.1 Revenue

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:

	Cash Payment Received	Annual Allocation	Difference	
2018-19	\$3,952,000	\$3,303,000	+ / -	\$649,000
2019-20	\$3,384,000	\$3,546,000	+ / -	(\$162,000)
2020-21	\$3,410,267	\$3,381,972	+ / -	\$28,295

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.

3.2 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

4.1 Cash, Cash Equivalent Assets

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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

4.2 Other Financial Instruments

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.

6 Infrastructure, Property, Plant & 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.

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

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 annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 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 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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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.

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Provisions

9.1 Employee Benefits

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

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

Weighted average discount rate	0.36% (2020, 2.5%)
Weighted average settlement period	1 year (2020, 3 years)

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide 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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

9.2 Provisions for reinstatement, restoration, 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 which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

10 Leases

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 3 – 5 Years
- Land Improvements 4 years

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 GST Implications

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

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

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

13 New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material:

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

Amendments to AASB 16 Covid-19 Related Rent Concessions:

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the financial statements of the Council.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	2021	2020
Notes	\$'000	\$'000
RATES REVENUES		
<u>General Rates</u>	21,773	21,313
Less: Mandatory rebates	(236)	(222)
Less: Discretionary rebates, remissions & write offs	(27)	(158)
	21,510	20,933
<u>Other Rates</u> (including service charges)		
Natural Resource Management Levy	1,179	1,151
	1,179	1,151
<u>Other Charges</u>		
Penalties for late payment	57	18
Legal & other costs recovered	23	36
	80	54
	22,769	22,138
STATUTORY CHARGES		
Development Act fees	219	91
Town planning fees	160	162
Animal registration fees & fines	148	182
Parking fines / expiation fees	13	13
Other licences, fees, & fines	81	75
	621	523
USER CHARGES		
Cemetery/crematoria fees	771	820
Green waste collection	63	528
Landfill charges	3,537	3,044
Hall & equipment hire	11	241
Sales - general	64	104
Sales - Waste Transfer Station	284	426
Sundry	150	155
	4,880	5,318
INVESTMENT INCOME		
Interest on investments:		
Local Government Finance Authority	25	53
Banks & other	-	2
	25	55

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME (con't)

	Notes	2021 \$'000	2020 \$'000
REIMBURSEMENTS			
- for private works		16	33
- other		44	5
		<u>60</u>	<u>38</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		158	99
Donations		72	92
Sundry		405	248
		<u>635</u>	<u>439</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,677	-
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		3,539	3,593
Roads to Recovery		404	360
Local Roads and Community Infrastructure		243	-
Library & Communications		163	88
Sundry		156	186
		<u>4,505</u>	<u>4,227</u>
		<u>7,182</u>	<u>4,227</u>
<i>The functions to which these grants relate are shown in Note 10.</i>			
Sources of grants			
<i>Commonwealth government</i>		2,155	365
<i>State government</i>		4,770	3,681
<i>Other</i>		257	181
		<u>7,182</u>	<u>4,227</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME (con't)

	2021	2020
Notes	\$'000	\$'000
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	-	98
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>		
<i>Rail Trail</i>	-	(98)
<i>Subtotal</i>	-	(98)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Pine Hall / O'Leary Road</i>	378	-
<i>Tertiary Education</i>	49	-
<i>Subtotal</i>	427	-
<i>Unexpended at the close of this reporting period</i>	427	-
 <i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>	427	(98)
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Land & Improvements	108	-
Footpaths & Kerbing	386	396
Roads	736	336
Riddoch Collection	-	5
TOTAL PHYSICAL RESOURCES RECEIVED	1,230	737

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$'000	2020 \$'000
EMPLOYEE COSTS			
Salaries and Wages		10,005	9,689
Employee leave expense		1,508	1,144
Superannuation	16	1,205	1,106
Workers' Compensation Insurance		282	262
Other		58	29
Total Operating Employee Costs		13,058	12,230
Total Number of Employees		129	132
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		13	26
Bad and Doubtful Debts		73	79
Elected members' expenses		236	231
Election expenses		10	9
Subtotal - Prescribed Expenses		332	345
<u>Other Materials, Contracts & Expenses</u>			
Contractors		3,495	3,179
Contributions / Donations		508	1,370
Energy		864	729
Maintenance		940	1,129
Insurance		335	325
Levies paid to government - NRM levy		1,173	1,142
Levies paid to government - EPA, ESL & Dog Levies		2,040	1,650
Materials		797	895
Training		188	173
Water		149	137
Communication		114	276
Consultants		888	383
Licences and Subscriptions		630	275
Sundry		1,565	1,255
Subtotal - Other Materials, Contracts & Expenses		13,686	12,918
		14,018	13,263

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE con't

	Notes	2021 \$'000	2020 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		2,630	2,353
Waste Management		795	698
Infrastructure			
- Stormwater Drainage		115	103
- Kerbing and Footpaths		1,157	1,111
- Roads		1,861	1,767
- Carparks		257	259
Plant and Equipment		724	709
Office Equipment		114	166
Other		122	316
Right of Use Assets		165	143
Impairment			
Derecognised Assets		-	327
		<u>7,940</u>	<u>7,952</u>
Less: Impairment expense offset to asset revaluation reserve	8	-	(327)
		<u>7,940</u>	<u>7,625</u>
FINANCE COSTS			
Interest on Loans		194	170
Interest on Leases		18	13
Unwinding of present value discounts		14	(13)
		<u>226</u>	<u>170</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

		2021	2020
	Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		393	385
Less: Carrying amount of assets sold		<u>(1,123)</u>	<u>(266)</u>
Gain (Loss) on disposal		<u>(730)</u>	<u>119</u>
 <i>Assets surplus to requirements</i>			
Proceeds from disposal		-	72
Less: Carrying amount of assets sold		<u>-</u>	<u>(144)</u>
Gain (Loss) on disposal		<u>-</u>	<u>(72)</u>
 FAIR VALUE ADJUSTMENTS			
Impairment of disposed assets		<u>-</u>	<u>(519)</u>
		<u>-</u>	<u>(519)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(730)</u>	<u>(472)</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - CURRENT ASSETS

	Notes	2021 \$'000	2020 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		95	760
Deposits at Call		1,798	3,604
Short Term Deposits & Bills, etc		-	42
		<u>1,893</u>	<u>4,406</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		803	932
Accrued Revenues		2,500	1
Debtors - general		1,007	1,058
Prepayments		27	138
Total		<u>4,337</u>	<u>2,129</u>
Less: Allowance for Doubtful Debts		<u>(156)</u>	<u>(95)</u>
		<u>4,181</u>	<u>2,034</u>
INVENTORIES			
Stores & Materials		35	44
Trading Stock		12	11
		<u>47</u>	<u>55</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2020 \$'000				2021 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Level 2	2	15,601	-	-	15,601	15,601	-	-	15,601
Land - Level 3	3	37,683	-	-	37,683	37,683	108	-	37,791
Buildings & Other Structures - Level 2	2	2,025	-	-	2,025	3,987	-	(2,018)	1,969
Buildings & Other Structures - Level 3	3	106,325	-	(49,505)	56,820	109,546	1,061	(55,304)	55,303
Waste Management	3	9,930	-	(8,125)	1,805	9,930	151	(8,920)	1,161
Infrastructure									
- Stormwater Drainage	3	8,022	-	(2,239)	5,783	8,022	88	(2,353)	5,757
- Kerbing and Footpaths	3	74,206	-	(18,672)	55,534	74,206	1,696	(19,807)	56,095
- Roads	3	67,385	-	(18,474)	48,911	67,385	3,072	(20,216)	50,241
- Carparks	3	10,451	-	(2,608)	7,843	10,451	45	(2,865)	7,631
Plant and Equipment		-	8,609	(2,569)	6,040	-	8,997	(2,707)	6,290
Office Equipment		-	2,019	(1,398)	621	-	2,064	(1,499)	565
Riddoch Collection	3	3,515	-	-	3,515	3,515	-	-	3,515
Other		-	3,946	(2,237)	1,709	-	4,175	(2,358)	1,817
WIP		-	2,581	-	2,581	-	19,458	-	19,458
Right of Use Assets		-	515	(143)	372	-	568	(340)	228
Total IPP&E		335,143	17,670	(105,970)	246,843	340,326	41,483	(118,387)	263,422
Comparatives		310,936	21,864	(88,048)	244,752	335,143	17,670	(105,970)	246,843

This Note continues on the following pages.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020 \$'000								2021 \$'000	
Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount	
	New / Upgrade	Renewals				In	Out			
Land - Level 2	15,601	-	-	-	-	-	-	-	15,601	
Land - Level 3	37,683	108	-	-	-	-	-	-	37,791	
Buildings & Other Structures - Level 2	2,025	-	-	-	(90)	34	-	-	1,969	
Buildings & Other Structures - Level 3	56,820	182	670	(4)	(2,540)	209	(34)	-	55,303	
Waste Management	1,805	151	-	-	(795)	-	-	-	1,161	
Infrastructure										
- Stormwater Drainage	5,783	24	48	-	(115)	17	-	-	5,757	
- Kerbing and Footpaths	55,534	1,228	310	(108)	(1,157)	288	-	-	56,095	
- Roads	48,911	778	2,585	(522)	(1,861)	350	-	-	50,241	
- Carparks	7,843	21	24	-	(257)	-	-	-	7,631	
Plant and Equipment	6,040	327	1,040	(393)	(724)	-	-	-	6,290	
Office Equipment	621	19	126	(93)	(114)	6	-	-	565	
Riddoch Collection	3,515	-	-	-	-	-	-	-	3,515	
Other	1,709	48	185	(3)	(122)	-	-	-	1,817	
WIP	2,581	17,409	338	-	-	-	(870)	-	19,458	
Right of Use Assets	372	-	21	-	(165)	-	-	-	228	
Total IPP&E	246,843	20,295	5,347	(1,123)	(7,940)	-	904	(904)	-	263,422
<i>Comparatives</i>	244,752	5,596	5,373	(930)	(7,625)	(1,560)	12,024	(12,024)	1,237	246,843

This note continues on the following pages.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

City of Mount Gambier

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$1,000
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 Equip	2 to 25 years
Other Plant & Equipment	4 to 20 years
Building & Other Structures	
Buildings	15 to 100 years
Park Structures	20 to 30 years
Playground equipment	20 to 30 years
Benches, seats, etc	10 to 30 years
Infrastructure	
Sealed Roads – Surface	12 to 40 years
Sealed Roads – Structure	30 to 150 years
Unsealed Roads	40 to 75 years
Paving & Footpaths, Kerb & Gutter	10 to 70 years
Stormwater Drainage	50 to 70 years
Other Assets	
Library Books	7 to 10 years
Artworks	indefinite
Right-of-use assets (refer Note 15)	3 to 5 years

City of Mount Gambier

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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 is revalued every second year (lastly in 2020) based on Valuer General's valuations provided to Council

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2020 by Mitch Ekonomopoulos of AssetVal Pty Ltd. Revaluations occur every four years. All additions are initially recorded at cost.

Infrastructure

Infrastructure assets include stormwater drainage, footpath and kerbing, roads and carpark assets. Infrastructure assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2018, based on actual costs incurred during the reporting period ended 30 June 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

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. At the time of construction of a cell, Council includes the present value of estimated costs to cap and close the cell into the landfill 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.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Riddoch art collection

The Riddoch art collection was revalued as at 30 June 2018 by Simon Storey Art and Cultural Collection valuers. These assets are not depreciated.

All other assets

These assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 7 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
		2021		2020	
		(\$'000)		(\$'000)	
TRADE & OTHER PAYABLES					
Goods & Services		1,946	-	1,846	-
Payments received in advance		798	-	291	-
Accrued expenses - employee entitlements		178	-	558	-
Accrued expenses - other		2,649	-	32	-
Deposits, Retentions & Bonds		148	-	21	-
Other Payables		46	-	101	-
		<u>5,765</u>	<u>-</u>	<u>2,849</u>	<u>-</u>
BORROWINGS					
Loans		219	13,502	206	2,171
Leases Liabilities	15	228	-	352	18
		<u>447</u>	<u>13,502</u>	<u>558</u>	<u>2,189</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		3,013	168	2,557	191
Future reinstatement / restoration, etc		-	3,896	-	3,672
		<u>3,013</u>	<u>4,064</u>	<u>2,557</u>	<u>3,863</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
Notes	\$'000	\$'000	\$'000	\$'000
Land	42,801	-	-	42,801
Buildings and Structures	53,310	-	-	53,310
Waste Management	2,926	-	-	2,926
Infrastructure	70,636	-	-	70,636
Plant and Equipment	770	-	-	770
Minor Plant	34	-	-	34
Other Assets	4,985	-	-	4,985
TOTAL	175,462	-	-	175,462
Comparatives	175,458	1,237	(1,233)	175,462

OTHER RESERVES	1/7/2020	Transfers to Reserve	Transfers from Reserve	30/6/2021
Mount Gambier Cemetery	711	-	-	711
Mayor Christmas Appeal	57	12	-	69
Christmas Parade	-	-	(3)	(3)
Junior Sports Assistance Fund	106	1	-	107
TOTAL OTHER RESERVES	874	13	(3)	884
Comparatives	860	22	(8)	874

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

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.

Christmas Parade

The Christmas Parade reserve represents bank funds and payables of the City of Mount Gambier related to the Christmas Parade to be used for that purpose. This is negative as a result of the cost of the 20/21 parade following COVID-19 Restrictions.

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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	5	<u>1,893</u>	<u>4,406</u>
Balances per Cash Flow Statement		<u>1,893</u>	<u>4,406</u>

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

Net Surplus (Deficit)		1,430	(285)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		7,940	7,625
Net increase (decrease) in unpaid employee benefits		53	315
Premiums & discounts recognised & unwound		14	(13)
Change in allowances for under-recovery		61	-
Non-cash asset acquisitions		(3,847)	(737)
Grants for capital acquisitions treated as Investing Activity		(555)	-
Net (Gain) Loss on Disposals		<u>730</u>	<u>472</u>
		5,826	7,377
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(2,208)	(186)
Net (increase) decrease in inventories		8	(28)
Net increase (decrease) in trade & other payables		3,296	(269)
Net increase (decrease) in other provisions		60	219
Net increase (decrease) in other liabilities		-	14
Net Cash provided by (or used in) operations		<u>6,982</u>	<u>7,127</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	<u>1,230</u>	<u>737</u>
Amounts recognised in Income Statement		<u>1,230</u>	<u>737</u>
Leases		21	-
Estimated future reinstatement etc. costs		<u>210</u>	<u>-</u>
		<u>1,461</u>	<u>737</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts	250	250
Corporate Credit Cards	30	30
LGFA Cash Advance Debenture facility	20,000	10,000

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 2021

Note 10 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administration / Support Services	25,156	24,718	6,380	6,018	18,776	18,700	3,410	3,395	20,824	21,621
Community Support	808	847	1,918	2,016	(1,110)	(1,169)	1	-	20,534	21,149
Culture	298	517	4,086	4,097	(3,788)	(3,580)	185	255	26,034	27,277
Economic Development	188	229	1,871	2,530	(1,683)	(2,301)	-	-	3,890	4,105
Environment	4,355	5,377	8,470	8,328	(4,115)	(2,951)	201	127	11,075	10,957
Recreation	1,397	93	5,160	4,277	(3,763)	(4,184)	31	-	74,411	56,741
Regulatory Services	736	520	1,232	1,285	(496)	(765)	-	-	18	19
Transport	728	455	3,817	3,504	(3,089)	(3,049)	677	450	103,715	103,115
Engineering / Indirect	(171)	(46)	2,347	1,212	(2,518)	(1,258)	-	-	8,965	8,273
Unclassified Activities	-	28	(39)	21	39	7	-	-	77	81
TOTALS	33,495	32,738	35,242	33,288	(1,747)	(550)	4,505	4,227	269,543	253,338

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 (con't) - 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.

Unclassified activities

Finance charges and investment revenue, private works and sundry property maintenance.

Engineering / indirect

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

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.3% and 1.95% (2020: 1.95%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.43% (2020: 6.35%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed or variable rates between 1.3% and 5.97% (2020: 5.97%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 15</p>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	1,893	-	-	1,893	1,893
Receivables	4,154	-	-	4,154	4,154
Total	6,047	-	-	6,047	6,047
<u>Financial Liabilities</u>					
Payables	2,938	-	-	2,938	2,938
Current Borrowings	11,895	-	-	11,895	219
Lease Liabilities	228	-	-	228	228
Non-Current Borrowings	-	2,164	-	2,164	13,502
Total	15,061	2,164	-	17,225	16,887
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	4,406	-	-	4,406	4,406
Receivables	1,058	-	-	1,058	1,058
Total	5,464	-	-	5,464	5,464
<u>Financial Liabilities</u>					
Payables	2,849	-	-	2,849	2,849
Current Borrowings	206	-	-	206	206
Lease Liabilities	352	18	-	370	370
Non-Current Borrowings	-	2,171	-	2,171	2,171
Total	3,407	2,189	-	5,596	5,596

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	1.79%	11,550	-	-
Fixed Interest Rates	5.97%	2,171	5.97%	2,747
		<u>13,721</u>		<u>2,747</u>

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - FINANCIAL INSTRUMENTS (con't)

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 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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - COMMITMENTS FOR EXPENDITURE

	2021	2020
Notes	\$'000	\$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings & Other Structures	41,206	455
<u>Infrastructure</u>		
- Footpaths and Kerbing	-	2
- Roads	-	8
Plant & Equipment	369	440
Office Equipment	-	78
Other	-	1
	41,575	984
These expenditures are payable:		
Not later than one year	41,575	984
	41,575	984

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 13 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	-5.2%	-1.7%	1.4%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	62%	18%	11%
Total Operating Income			

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

Adjustments to Ratios

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 between years.

<i>Adjusted Operating Surplus Ratio</i>	-5.3%	-1.2%	-0.7%
<i>Adjusted Net Financial Liabilities Ratio</i>	67%	17%	10%

Asset Renewal Funding Ratio

<u>Outlays on Existing Assets</u>	84%	105%	68%
Asset Renewals - IAMP			

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

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2021 \$'000	2020 \$'000
Income	33,495	32,738
Expenses	<u>(35,242)</u>	<u>(33,288)</u>
Operating Surplus / (Deficit)	(1,747)	(550)
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(5,326)	(5,627)
Add back Depreciation, Amortisation and Impairment	7,940	7,625
Proceeds from Sale of Replaced Assets	<u>393</u>	<u>385</u>
	3,007	2,383
 Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(16,298)	(3,813)
Amounts received specifically for New and Upgraded Assets	555	-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	72
	<u>(15,743)</u>	<u>(3,741)</u>
Net Lending / (Borrowing) for Financial Year	(14,483)	(1,908)

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 15 - LEASES

Council as a Lessee

Right of Use Asset

Council entered contracts as a lessee for various IT equipment, the Dimjalla skate park and RFID

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

Carrying Value	Office	Other	Total
At 1 July 2020	350	22	372
Additions	21	-	21
Depreciation Charge	(155)	(10)	(165)
At 30 June 2021	216	12	228

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

	2021
Opening Balance 1 July 2020	370
Additions	21
Accretion of Interest	18
Payments	(181)
Closing Balance 30 June 2021	228
Current	228
Non Current	-

The maturity analysis of lease liabilities is included in note 11

Council and its associated entities (the group) had total cash outflows for leases of **\$183,000**.

The following are amounts recognised on profit or loss:

Depreciation expense of right of use assets.	165
Interest expense on lease liabilities	18
Total amount recognised in profit and loss	183

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.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 9.50% in 2020-21) and enterprise bargaining agreement (1% in 2021 and 2020). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019-20) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account plus an additional 1% per enterprise bargaining agreement. 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 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 17 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 229 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 a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$721,721 (2020: \$210,000) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council 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.

5. WULANDA

On 24 August 2020 Council signed a contract with BADGE Constructions for a total of \$57.3 million, which commits Council to \$31.95 million toward the construction of the Community and Recreation Hub (Wulanda), the refurbishment of the existing outdoor pool and additional car parking and landscaping works at Olympic Park.

Prior to this Council signed a grant agreement with the Commonwealth Government that commits Council to capital spend of \$13.8 million on Wulanda. Through this agreement, Council secured funding and will be the recipient of \$15 million from the Federal Government and \$10 million from the State Government towards the build. Additionally, the District Council of Grant has committed to \$350,000 contribution towards the funding for this project.

City of Mount Gambier
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 16 persons were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	974	1,122
Post-employment benefits	72	93
Long term benefits	41	-
TOTAL	1,087	1,215

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

Two key management personnel and/or relatives of key management personnel are members in organisations that received Council support in the year, e.g. through sponsorship of community and sporting.

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 \$211.28 with the total cumulative spend for 20/21 being \$1,890.73.

No key management personnel or close family member (including related parties) lodged a planning application during the year.

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



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INDEPENDENT AUDITOR'S REPORT

To the members of the City of Mount Gambier

Opinion

We have audited the accompanying financial report of the City of Mount Gambier, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the City of Mount Gambier.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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 that is 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 related 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 Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report 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 management.
- Conclude on the appropriateness of 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

David Chant CA, FCPA
Simon Smith CA, FCPA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the City of Mount Gambier

Independent Assurance report on the Internal Controls of the City of Mount Gambier

Opinion

We have audited the compliance of the City of Mount Gambier with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, the City of Mount Gambier has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2021 .

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2021 . ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for 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, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2021. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

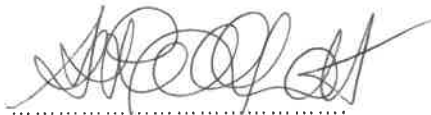
20 / 10 / 2021

**City of Mount Gambier
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Mount Gambier for the year ended 30 June 2021, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants, 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



.....
Cr Sonya Mezinac
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 20/09/2021

**City of Mount Gambier
Annual Financial Statements
for the year ended 30 June 2021**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of City of Mount Gambier for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Tim Muhlhausler

Galpins Accountants, Auditors & Business Consultants

Dated this 20th day of October 2021