



General Purpose Financial Statements

for the year ended 30 June 2025



City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

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City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

Certification of Financial Statements

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

In our opinion:

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



Andrew Aitken
INTERIM CHIEF EXECUTIVE OFFICER

Lynette Martin
MAYOR

Date: 29/10/2025

Date: 29/10/2025

City of Mount Gambier

Statement of Comprehensive Income

for the year ended 30 June 2025

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

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

City of Mount Gambier

Statement of Financial Position

as at 30 June 2025

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

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

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

City of Mount Gambier

Statement of Cash Flows

for the year ended 30 June 2025

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies

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

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

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical cost convention

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

1.2 Critical accounting estimates

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

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

1.3 Rounding

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

(2) The local government reporting entity

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

(3) Income recognition

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

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

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

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

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

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

(4) Cash, cash equivalents and other financial instruments

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

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

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

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

(5) Inventories

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

(6) Infrastructure, property, plant and equipment

6.1 Initial recognition

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

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

6.2 Materiality

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

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

6.3 Subsequent recognition

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

6.4 Depreciation of non-current assets

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

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

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

6.5 Impairment

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

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

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

(7) Payables

7.1 Goods & Services

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 3.50% (2024, 4.00%)

Weighted avg. settlement period 1 year (2024, 1 year)

9.2 Superannuation

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

(10) Provisions for reinstatement, restoration and rehabilitation

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

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

(11) Leases

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

Council as a lessee

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

i) Right-of-Use-Assets

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

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

| | |
|----------------------|--------------|
| Office and equipment | 2 to 5 years |
| Land Improvements | 1 year |

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

ii) Lease Liabilities

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

(12) New accounting standards and UIG interpretations

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

(13) Comparative figures

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

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

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

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2. Income

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2. Income (continued)

| \$ '000 | 2025 | 2024 |
|---|---------------------|---------------------|
| (e) Reimbursements | | |
| Private works | 51 | 19 |
| Wulanda | 830 | 975 |
| Other | 260 | 236 |
| <u>Total reimbursements</u> | <u>1,141</u> | <u>1,230</u> |
| | | |
| \$ '000 | 2025 | 2024 |
| (f) Other income | | |
| Insurance and other recoupments - infrastructure, property, plant and equipment | 121 | 80 |
| Sundry | 430 | 361 |
| Donations | 105 | 73 |
| Caroline Landfill | 41 | 2,155 |
| <u>Total other income</u> | <u>697</u> | <u>2,669</u> |
| | | |
| \$ '000 | 2025 | 2024 |
| (g) Grants, subsidies and contributions | | |
| Capital grants, subsidies and contributions | | |
| Amounts received specifically for new or upgraded assets | 67 | 216 |
| Total amounts received for new or upgraded assets | <u>67</u> | <u>216</u> |
| Other grants, subsidies and contributions - capital | | |
| Roads to Recovery | 574 | 430 |
| Untied - Local Roads and Community Infrastructure | 591 | 509 |
| Boundary Roads Contributions | 60 | 50 |
| Total Other grants, subsidies and contributions - capital | <u>1,225</u> | <u>989</u> |
| Operating grants, subsidies and contributions | | |
| Regional Transport Subsidy Program | 90 | 134 |
| Untied - Financial Assistance Grant | 6,765 | 263 |
| Library and communications | 153 | 165 |
| Sundry | 83 | 110 |
| Total other grants, subsidies and contributions - operating | <u>7,091</u> | <u>672</u> |
| <u>Total grants, subsidies and contributions</u> | <u>8,383</u> | <u>1,877</u> |

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2. Income (continued)

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

(h) Conditions over grants and contributions

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

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

(i) Physical resources received free of charge

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 3. Expenses

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 3. Expenses (continued)

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

Note 4. Asset disposal and fair value adjustments

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 5. Current assets

| \$ '000 | 2025 | 2024 |
|---|-------------------|-------------------|
| (a) Cash and cash equivalent assets | | |
| Cash on hand and at bank | 192 | 270 |
| <u>Total cash and cash equivalent assets</u> | <u>192</u> | <u>270</u> |

| \$ '000 | 2025 | 2024 |
|---|---------------------|---------------------|
| (b) Trade and other receivables | | |
| Rates - general and other | 1,034 | 873 |
| Accrued revenues | 116 | – |
| Debtors - general | 1,480 | 1,333 |
| GST recoupment | 206 | 323 |
| Prepayments | 9 | 2 |
| Other | 16 | – |
| Subtotal | <u>2,861</u> | <u>2,531</u> |
| <u>Total trade and other receivables</u> | <u>2,861</u> | <u>2,531</u> |

| \$ '000 | 2025 | 2024 |
|---------------------------------|------------------|------------------|
| (c) Inventories | | |
| Stores and materials | 30 | 22 |
| Trading stock | 54 | 54 |
| <u>Total inventories</u> | <u>84</u> | <u>76</u> |

City of Mount Gambier

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

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

Infrastructure, property, plant and equipment

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

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

Valuation of assets

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

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

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

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

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

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

Information on valuations

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

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

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

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

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

Other information

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

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

Highest and best use

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

Capitalisation Thresholds

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

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

Estimated Useful Lives

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

Plant, Furniture & Equipment

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

Building & Other Structures

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

Waste Management

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

Infrastructure

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

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

Waste Management - Landfill

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

Land & Land Improvements

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

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

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

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

Artworks and Historical Collections

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

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

Buildings & Other Structures

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

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

Infrastructure - Stormwater, Retaining Walls and Carparks

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

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

Infrastructure - Kerbing and Footpaths, Roads, Public Lighting

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

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

Infrastructure - Public Lighting

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

These assets are recognised on the cost basis.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other Assets

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

Note 7. Liabilities

| \$ '000 | 2025 Current | 2025 Non Current | 2024 Current | 2024 Non Current |
|--|-----------------|---------------------|-----------------|---------------------|
| (a) Trade and other payables | | | | |
| Goods and services | 2,908 | – | 3,804 | – |
| Payments received in advance | 532 | – | 472 | – |
| - Grants and contributions - capital | 54 | – | – | – |
| - Other | 41 | – | 37 | – |
| Accrued expenses - employee entitlements | 485 | – | 407 | – |
| Accrued expenses - other | 401 | – | 412 | – |
| Deposits, retentions and bonds | 255 | – | 172 | – |
| Other | 11 | – | 13 | – |
| Total trade and other payables | 4,687 | – | 5,317 | – |
| (b) Borrowings | | | | |
| Loans | 6,091 | 26,018 | 9,884 | 26,957 |
| Lease liabilities | 44 | 50 | 102 | 122 |
| Total Borrowings | 6,135 | 26,068 | 9,986 | 27,079 |
| All interest bearing liabilities are secured over the future revenues of the Council | | | | |
| (c) Provisions | | | | |
| Employee entitlements (including oncosts) | 4,025 | 349 | 3,561 | 239 |
| Cell capping | 1,146 | 2,803 | – | 1,200 |
| Future restoration | – | 179 | – | 169 |
| Total provisions | 5,171 | 3,331 | 3,561 | 1,608 |

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 7. Liabilities (continued)

Movements in Landfill & Restoration Provisions

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 8. Reserves

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

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

Purposes of reserves

Asset revaluation reserves

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

Other reserves

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

Mount Gambier Cemetery

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

Mayor Christmas Appeal

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

Junior Sports Assistance Fund

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

Waste Service

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 8. Reserves (continued)

Open Space

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

Downstream Drainage

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

Building Asset Maintenance Reserve

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

Note 9. Reconciliation to Statement of Cash Flows

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

(c) Non-cash financing and investing activities

Acquisition of assets by means of:

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

Non-cash financing (other)

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

(d) Financing arrangements

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

(\$ '000):

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

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

Note 10. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value due to the short term to maturity.

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

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting Policy:

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10. Financial instruments (continued)

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10. Financial instruments (continued)

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

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

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

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10. Financial instruments (continued)

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

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

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

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

Note 11. Capital expenditure and investment property commitments

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

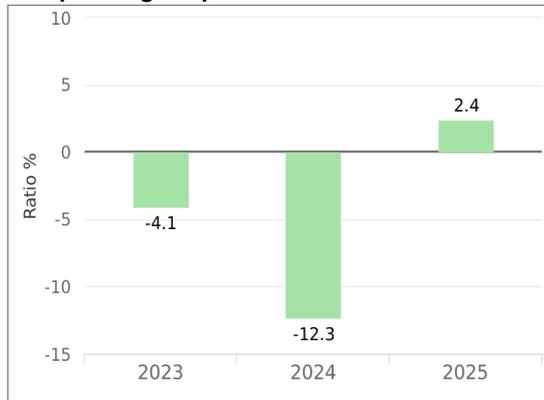
Note 12. Financial indicators

| \$ '000 | Amounts 2025 | Indicator 2025 | Indicators 2024 | Indicators 2023 |
|--|-----------------|-------------------|--------------------|--------------------|
| Financial Indicators overview | | | | |
| <i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i> | | | | |
| 1. Operating Surplus Ratio | | | | |
| Operating surplus | 1,246 | 2.4% | (12.3)% | (4.1)% |
| Total operating income | 51,952 | | | |
| <i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i> | | | | |
| 2. Net Financial Liabilities Ratio | | | | |
| Net financial liabilities | 42,339 | 81% | 106% | 95% |
| Total operating income | 51,952 | | | |
| <i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i> | | | | |
| Adjustments to Ratios | | | | |
| <i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i> | | | | |
| Adjusted Operating Surplus Ratio | | | | |
| Operating surplus | (1,168) | (2.4)% | (1.8)% | (7.5)% |
| Total operating income | 49,605 | | | |
| Adjusted Net Financial Liabilities Ratio | | | | |
| Net financial liabilities | 42,339 | 85% | 96% | 109% |
| Total operating income | 49,605 | | | |
| 3. Asset Renewal Funding Ratio | | | | |
| Asset renewals | 7,691 | 88% | 61% | 88% |
| Infrastructure and Asset Management Plan required expenditure | 8,696 | | | |
| <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> | | | | |

Note 12. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

This indicator is to determine the percentage the operating revenue varies from operating expenditure

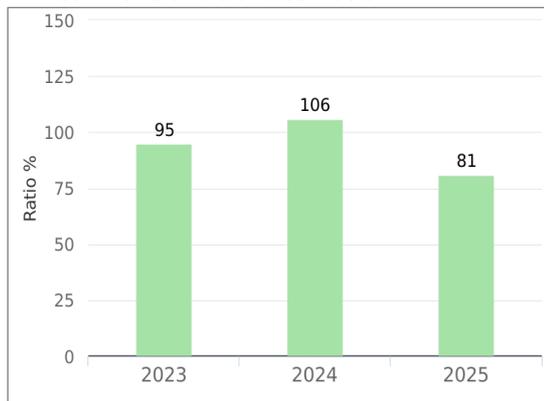
Commentary on 2024/25 result

2024/25 ratio 2.4%

The operating surplus ratio in 2025 is higher than the previous year largely driven by an increase in grants received due to the late payment of Financial Assistance Grants.

The target per Council's Treasury Management Policy is a ratio of greater or equal to 0.0% by 2026/2027.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

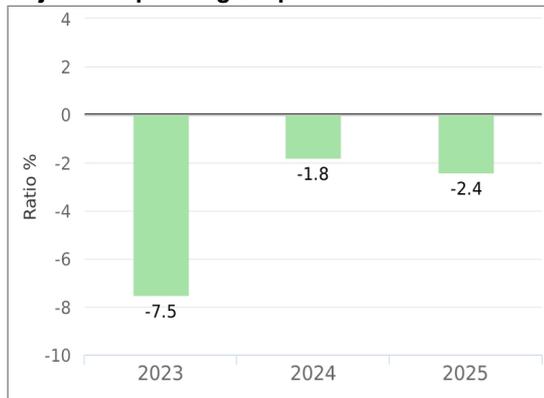
Commentary on 2024/25 result

2024/25 ratio 81%

The 2025 ratio is lower than the previous year largely due to a decrease in borrowings and creditors.

Council's target ratio is lower than 100% by 2026/2027.

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

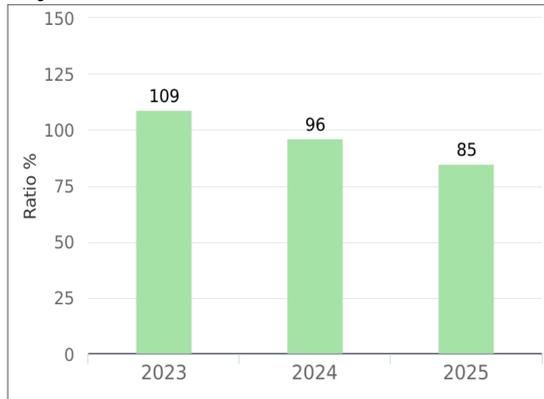
Commentary on 2024/25 result

2024/25 ratio (2.4)%

The adjusted operating surplus ratio is more in line with expectations following adjustments to the Financial Assistance Grants brought forward payments.

Note 12. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio

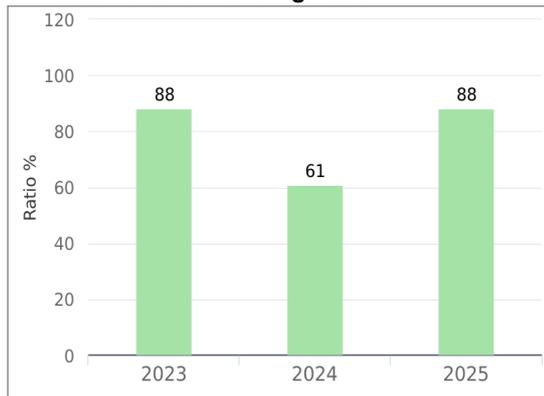


Purpose of adjusted net financial liabilities ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

| Commentary on 2024/25 result | |
|---|-----|
| 2024/25 ratio | 85% |
| Aligned with the unadjusted net financial liabilities ratio above, the increase is driven by adjustments to the Financial Assistance Grants brought forward payments. | |

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

| Commentary on 2024/25 result | |
|--|-----|
| 2024/25 ratio | 88% |
| Council update Asset Management Plans annually which provide guidance of when and how much needs to be spent to maintain Council's assets. | |
| Disruptions and supply chain issues have impacted on the timing of delivery of planned works. These projects are expected to be completed in the 2025/2026 financial year. | |

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 13. Uniform presentation of finances

| \$ '000 | 2025 | 2024 |
|--|-----------------|-----------------|
| <p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p> | | |
| Income | | |
| Rates | 30,388 | 26,488 |
| Statutory charges | 923 | 781 |
| User charges | 10,408 | 9,179 |
| Grants, subsidies and contributions - capital | 1,225 | 989 |
| Grants, subsidies and contributions - operating | 7,091 | 672 |
| Investment income | 79 | 53 |
| Reimbursements | 1,141 | 1,230 |
| Other income | 697 | 2,669 |
| Total Income | 51,952 | 42,061 |
| Expenses | | |
| Employee costs | (17,811) | (15,292) |
| Materials, contracts and other expenses | (19,110) | (19,320) |
| Depreciation, amortisation and impairment | (11,902) | (10,795) |
| Finance costs | (1,883) | (1,822) |
| Total Expenses | (50,706) | (47,229) |
| Operating surplus / (deficit) | 1,246 | (5,168) |
| Net timing adjustment for general purpose grant funding | 2,347 | (4,355) |
| Less: grants, subsidies and contributions - capital | (1,225) | (989) |
| Adjusted Operating surplus / (deficit) | 2,368 | (10,512) |
| Net outlays on existing assets | | |
| Capital expenditure on renewal and replacement of existing assets | (7,691) | (3,528) |
| Add back depreciation, amortisation and impairment | 11,902 | 10,795 |
| Add back proceeds from sale of replaced assets | 479 | 110 |
| | 4,690 | 7,377 |
| Net outlays on new and upgraded assets | | |
| Capital expenditure on new and upgraded assets (including investment property and real estate developments) | (1,596) | (6,188) |
| Add back grants, subsidies and contributions - capital new/upgraded | 1,225 | 989 |
| Add back amounts received specifically for new and upgraded assets | 67 | 216 |
| Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale) | 288 | - |
| | (16) | (4,983) |
| Annual net impact to financing activities (surplus/(deficit)) | 7,042 | (8,118) |

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 14. Leases

(i) Council as a lessee

Terms and conditions of leases

Council entered contracts as a lessee for various IT equipment.

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

(a) Right of use assets

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

(b) Lease liabilities

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

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

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

The Group had total cash outflows for leases of \$210,000.

The following are the amounts recognised in profit or loss:

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 14. Leases (continued)

(ii) Council as a lessor

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

Note 15. Superannuation

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

Accumulation only members

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

Salarylink (Defined Benefit Fund) members

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

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

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

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

Contributions to other superannuation schemes

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

Non-current assets held for sale

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

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

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

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

1. Land under roads

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

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

2. Potential insurance losses

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

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

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

3. Legal expenses

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

City of Mount Gambier

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 18. Related party transactions

Key management personnel

Transactions with key management personnel

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

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

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

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

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

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

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 2025, 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 2025, 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



SAMANTHA CRETEN
Director

6 November 2025

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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 2024 to 30 June 2025.

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 2024 to 30 June 2025 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

6 November 2025

City of Mount Gambier

General Purpose Financial Statements

for the year ended 30 June 2025

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Mount Gambier Council for the year ended 30 June 2024 the Council's Auditor, Dean Newbery and Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Andrew Aitken
INTERIM CHIEF EXECUTIVE OFFICE



Paul Duka
PRESIDING MEMBER, AUDIT AND RISK COMMITTEE

Date: 01/10/2025

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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 2025, 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

6 November 2025