



His Worship the Mayor
Councillors
City of Marion

Notice of Special Finance, Risk and Audit Committee

Committee Rooms, Council Administration Centre
245 Sturt Road, Sturt

Monday, 11 November 2024 at 5.00 pm

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the *Local Government Act 1999* that a Finance, Risk and Audit Committee will be held.

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.

A handwritten signature in blue ink, appearing to read "Tony Harrison", is positioned above the printed name and title.

Tony Harrison
Chief Executive Officer

1	OPEN MEETING.....	3
2	KAURNA ACKNOWLEDGEMENT	3
3	ELECTED MEMBER DECLARATION OF INTEREST (IF ANY)	3
4	CONFIRMATION OF MINUTES	3
	4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 8 October 2024	3
5	BUSINESS ARISING.....	11
	5.1 Business Arising Statement - Action Items	11
6	CONFIDENTIAL ITEMS - NIL	17
7	REPORTS FOR DISCUSSION.....	17
	7.1 Independence of Council's Auditors	17
	7.2 Annual Financial Statements for the year ended 30 June 2024	21
8	REPORTS FOR NOTING	152
	8.1 Debtors Report.....	152
	8.2 Annual Investment Report 2023-2024	156
9	WORKSHOP / PRESENTATION ITEMS	162
10	OTHER BUSINESS	162
11	MEETING CLOSURE	162

1 Open Meeting

2 Kurna Acknowledgement

We acknowledge the Kurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3 Elected Member Declaration of Interest (if any)

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 8 October 2024

Report Reference	SFRAC241111R4.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

RECOMMENDATION

That the minutes of the Finance, Risk and Audit Committee Meeting held on 8 October 2024 be taken as read and confirmed.

ATTACHMENTS

1. FRAC241008 Final Minutes [4.1.1 - 7 pages]



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 8 October 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

**PRESENT**

Mrs Emma Hinchey (Chair)
Ms Nicolle Rantanen
Mr Josh Hubbard (from 2.03pm)
Councillor Jason Veliskou (from 2.10pm)
Councillor Luke Naismith

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Angela Allison
Manager Office of the CEO - Kate McKenzie
Unit Manager Governance and Council Support - Victoria Moritz
Unit Manager Asset Solutions – Brendon Lyons
Manager Engineering, Assets and Environment – Mathew Allen
Asset Strategy Officer – Catrin Johnson
Unit Manager Engineering – Carl Lundborg

1 Open Meeting

The Chair opened the meeting at 2.00pm.

2 Kaurna Acknowledgement

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3 Elected Member Declaration of Interest (if any)

The Chair asked if any member wished to disclose an interest in relation to any item being considered at the meeting.

Nil interests were disclosed.



4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 13 August 2024

Report Reference FRAC241008R4.1

Moved Ms Rantanen

Seconded Councillor Naismith

That the minutes of the Finance, Risk and Audit Committee Meeting held on 13 August 2024 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC241008R5.1

The Committee committed the Business Arising Statement and meeting schedule with a minor correction to the date and time of the Special FRAC meeting which is to be held on 11 November at 5.00pm.

Moved Ms Rantanen

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

Carried Unanimously

6 Confidential Items – Nil

7 Reports for Discussion

7.1 Finance, Risk and Audit Committee Annual Report to Council 2023-2024

Report Reference FRAC241008R7.1

2.03m Mr Hubbard entered the meeting

The Committee noted the Finance, Risk and Audit Committee Annual Report to Council 2023-24 noting a minor correction to the Committee member names in the table.

Moved Councillor Naismith

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

1. Endorse the Finance, Risk and Audit Committee Annual Report for 2023-2024 (Attachment 1 to this report) to be presented to Council at its meeting on 26 November 2024, subject to amendments as required.

Carried Unanimously



7.2 State of Our Assets - KPI Performance Scorecard

Report Reference

FRAC241008R7.2

2.10pm Councillor Veliskou entered the meeting

The Committee noted the report and summary of the City of Marion's 2024 Asset Management progress results and provided the following feedback:

- The Latest Performance for KPI 1: Asset Condition was discussed, with the Committee querying the Assets in the 'not defined' category and any perspective associated risk. Staff confirmed that it is highly unlikely that any high-risk assets remain uncategorised.
- It was noted that asset owners and the asset solution team are proactively working to refine the quality and accuracy of the data.
- The Committee queried the overall percentage of assessed assets in relation to the number of undefined assets, noting staff will review the accuracy of the figures.
- The Committee discussed KPI 4 in relation to Climate resilience with staff confirming that the assessment methodology is in the process of being developed, noting this is a multi-staged project with a variety of factors influencing the process.
- The Committee noted the delay in some of the asset data and discussed the approach to determine and improve analytics for prioritising data.
- Staff commented the organisation isn't quite there yet with improved analytics, noting this as a stretch goal for the organisation. The team is working to identify assets that haven't been defined or assessed yet which will inform predictive modelling. It was noted that the minimum inspection cycle is every four years, however asset management inspections are conducted more frequently. The Committee suggested re-evaluating the inspection frequency in line with risk tolerance.
- The Committee discussed the difference between maintenance renewals and plans and assets that have legislative maintenance requirements. Staff noted that individual asset owners are aware of the legislative requirements, and these are on a contracted maintenance cycle to ensure compliance.
- The target for the Asset Renewal Funding Ratio was discussed with the Committee noting the result for 2022/23 was 82% highlighting the importance of monitoring this result in relation to the target. Management commented the supply of vehicles had a significant impact on this result. The 2023/24 result has improved and looks on track against target, to be confirmed on the finalisation of the external audit.
- The Committee suggested the inclusion of additional data in the table relating to Asset Condition showing the percentage of assets in poor condition would be helpful, noting the organisation's performance was strong compared to the National report.
- It was also suggested that the inclusion of a satisfaction vs. importance matrix should be considered to guide council decisions and community expectations. This may assist with decisions relating to assets that have a lower satisfaction rate such as footpaths and kerbs.

FRAC241008 - Finance, Risk and Audit Committee - 8 October 2024



- The Committee commented on the achievement of all 11 competencies that have reached or exceeded Core Maturity and there are still some areas of improvement in the organisations Asset Data Confidence, however, overall, the organisation is performing very well against the national report.

Moved Ms Rantanen

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Review and provides feedback on the 2024 State of our Assets Report for the City of Marion.
2. Notes the 2024 National State of the Assets summary report and key findings

Carried Unanimously

7.3 2024 Asset Management Plan Tranche 3(c)

Report Reference FRAC241008R7.3

Draft Transport Asset Management Plan

The Committee noted and provided the following feedback on the Draft Transport Asset Management Plan:

- The Committee raised concerns about funding and renewal ratios, questioning how these would be addressed. Management explained this has been considered across all the Asset Management Plans, noting some pressures across particular years. It was noted that these will need to be addressed and considered as part of the next Annual Business Planning process, particularly in regard to footpaths, based on audits and council decisions.
- Staff highlighted the footpath renewal plan, citing a condition audit from four years ago and a more recent one informing future work noting the cost to maintain footpaths is \$730k annually. The Committee referenced the consideration of a satisfaction vs. importance matrix from discussions in the previous item.
- The Committee emphasised the need for current asset data and encouraged the use of emerging technologies to enhance decision-making.
- The Committee suggested considering asset retirement and disposal in plans, especially for projects like the T2D, and coastal pathway, with staff acknowledging that some disposal decisions had already been identified.
- The Committee discussed the service level agreements (SLA's) and how they align with risk and resources. The Committee highlighted the need for testing with the community and continuous adjustments based on feedback. Management commented that the Executive Leadership Team monitors performance against the SLA's and adjusts these to continually improve performance.
- Particular SLAs in the Customer Event System relating to road safety hazards and signage were discussed and whether these were acceptable. Staff commented that in cases where the request identified a safety risk to the community, immediate action is taken to isolate and make safe, however would look to review these timeframes taking into account further community feedback following consultation.
- There was discussion around the use of AI in asset management with staff clarifying this was in relation to emerging technologies to assist with and support data collection and

FRAC241008 - Finance, Risk and Audit Committee - 8 October 2024



analysis and will look to review the terminology in this section.

- The Committee discussed the useful life of assets in the face of climate risks, and whether this was appropriate with the changing environment. Staff commented they are undertaking a resilient asset management plan and will review the impacts of climate risks within this.
- The Committee discussed Table 20: Asset function performance outcome, agreeing to amend the wording of "TBD" to "continuous improvement" to avoid any confusion.
- The results in Table 10: Community Satisfaction survey levels were discussed with the Committee questioning why the targets for satisfaction were not being met. It was noted the main issues identified and currently under investigation are in relation to Roads - Amount of street parking, causing congestion and traffic hazards and Footpaths and kerbs - Unkept greenery obstructing footpaths, uneven surfaces.
- Staff agreed to review the language used around 'smart cities' to clearly identify and describe how these elements are applied, for example referencing specific technology applications like sensors in traffic management.
- The Committee discussed Table 14: Demand drivers, impacts and demand management, in particular the section relating to Land Use. The Committee suggested reviewing the language in the second dot point noting that not all outcomes will improve the transport network within the area, rather this will apply 'where possible'.
- A minor error was noted in the last dot point on page 85 which should read 'carbon footprint'.
- There was discussion around two assets not meeting current standards, specifically bridges that were compliant when built, but were now non-conformant due to the recent update of standards. Staff confirmed these are pedestrian bridges, with plans underway to assess risks and perform upgrades.
- The Committee discussed the Capital Expenditure which is projected to be \$1.769m (1.6% of the total cost of the AMP) above the forecast funding allocation in the 2024/25 to 2033/34 adopted Long-Term Financial Plan, suggesting the language could be made clearer in the report to Council.
- Figure 1: Transport assets Condition Profile was discussed with the Committee commenting that additional clarity or an additional statement could be included in regard to items identified as very poor condition and what this means from a safety and risk perspective.
- The Committee discussed the review and consultation process and suggested referencing the impact on the Asset Management Plan in any additional projects that Council may consult on.
- Table 32: Data confidence grades description was discussed by the Committee with the suggestion of including a short description of actions being taken to assist with community consultation.

Draft Water Treatment and Resources Asset Management Plan

The Committee noted and provided the following feedback on the Draft Water Treatment and Resources Asset Management Plan:

- The Committee discussed stormwater retention and infrastructure questioning if there is enough infrastructure to manage larger, less frequent rain events. Staff acknowledged stormwater management challenges, noting mechanisms currently in place with more work needed given some assets are nearing capacity.
- Management noted they are continually working with key external stakeholders and the State Government to review challenges and opportunities referencing external resources such as the desalination plant. The Committee also discussed the opportunities within the



7

City of Marion such as expanding the purple pipeline network for recycled water distribution and partnerships with developers to manage water treatments.

- The Committee emphasised the importance of water management to reduce reliance on rates and provide water security, noting the mutual benefits for both the City and the State, viewing the water business as a strategic asset that could eventually pay for itself.
- The committee recognised both the challenges and opportunities in managing water resources, with a focus on strategic water retention, climate resilience, and partnerships with developers and commended staff on the report.

Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Notes and provides feedback on the:
 - Draft Water Treatment and Resources Asset Management Plan, and the
 - Draft Transport Asset Management Plan.

Carried Unanimously

8 Reports for Noting

8.1 Council Member Report

Report Reference FRAC241008R8.1

Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

9 Workshop / Presentation Items – Nil

10 Other Business

11 Meeting Closure

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.

The meeting was declared closed at 3.25pm.

CONFIRMED THIS 11 DAY OF NOVEMBER 2024

CHAIRPERSON

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference	SFRAC241111R5.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to review the business arising from previous meetings of the Finance, Risk and Audit Committee meetings, the meeting schedule and upcoming items.

RECOMMENDATION

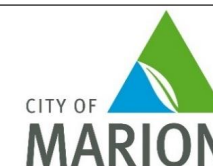
That the Finance, Risk and Audit Committee:

- 1. Notes the business arising statement, meeting schedule and upcoming items.**

ATTACHMENTS

1. Business Arising Statement November 2024 [5.1.1 - 5 pages]

CITY OF MARION
BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS
AS AT NOVEMBER 2024



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	16 April 2024 FRAC240416SR7.7	<p>Draft Annual Business Plan 2024-25 and Long-Term Financial update</p> <p>Action:</p> <ol style="list-style-type: none"> 1. Provide an assessment of all current projects to determine if we are forecasting them to come in over or under budget including any potential carryovers to be presented in Budget Review 3. 2. When considering the meeting schedule for 2025, ensure the timing of the meetings allows for the FRAC to review the final draft of the ABP before it is presented to Council for endorsement for Consultation. 	<p>Chief Finance Officer</p> <p>Chief Finance Officer / Manager Office CEO</p>	<p>4 June 2024</p> <p>Dec 2024</p>	<p>Budget review 3 - appendix 3 details specific projects noted for retiming and carryover to 2024-25. Having assessed current projects and program spend we are forecasting to come in within existing budget for 2023-24.</p> <p>This will be actioned at the end of the year when the meeting schedule is prepared for 2025</p>	Completed

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

SCHEDULE OF MEETINGS 2024

Day	Date	Time	Venue
Tuesday	20 February 2024	2pm – 5pm	Administration Centre
Tuesday	16 April 2024	2 pm – 5pm	Administration Centre
Tuesday	4 June 2024	2 pm – 5pm	Administration Centre
Tuesday	13 August 2024	3.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	8 October 2024	2 pm – 5pm	Administration Centre
Monday	11 November 2024	5 pm - 6.30 pm	Administration Centre
Tuesday	3 December 2024	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2024

Tuesday 20 February 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Risk Management Plan, Framework and Strategic Plan review and update	Review & Feedback	S Tebyanian
Tranche AMP 1	* Stormwater * Plant, Fleet and Equipment * Art, Culture and Heritage Committee to provide feedback	M Allen A Allison C Hughes
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q2	Review & Feedback	C Mitchell
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Draft Annual Business Plan 2024-25 and LTFP	Review & Feedback	R Barnwell A Doyle
Corporate Risk Report Q2	Review & Feedback	S Tebyanian
Strategic Risk Register Annual Review	Review & Feedback	S Tebyanian

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Tuesday 16 April 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q3	Review & Feedback	C Mitchell
Draft Annual Business Plan 2024-25 & LTFP Update	Review & Feedback	R Barnwell A Doyle
Budget Review 2 - 2023-24	Noting	Ray Barnwell
Internal Audit Program – scopes and reports		K McKenzie
IS Strategy Update Annual Report		A Allison

Tuesday 4 June 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Draft Annual Business Plan 2024-25 - Public Consultation Feedback	Review & Feedback	R Barnwell A Doyle
Tranche AMP 2	* Water Treatment & Resources * Open Space * Coastal Walkway Committee to provide feedback	M Allen C Hughes M Allen
Budget Review 3 – 2023-24	Noting	R Barnwell A Doyle
Annual Report on Business Continuity	Noting – Moved to August meeting	K McKenzie
Corporate Risk Report Q3	Review & Feedback	S Tebyanian
Fraud risk register bi-annual report	Review & Feedback – Moved to August meeting	S Tebyanian

Tuesday 13 August 3.00pm – 6.00pm

Topic		Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Feedback and consideration of elements for inclusion	T Moritz
Internal Audit - Implementation of Recommendations Q4	Review & Feedback	C Mitchell
Tranche 3 AMP	* Buildings and Structures * Transport Committee to provide feedback	M Hubbard M Allen
Annual Insurance and Claims report	Review & Feedback	S Tebyanian M Frew
Corporate Risk Manager Q4	Review & Feedback	S Tebyanian M Frew

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

External Audit 2023-24 – Interim Management report	Review & Feedback	R Barnwell
Annual Report on Business Continuity	Noting	K McKenzie
Fraud risk register bi-annual report		S Tebyanian
Internal Audit Program 2024/25	Review & Feedback	K McKenzie
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Joint Workshop with Council (6.30pm onwards)		

Tuesday 8 October 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Review and Recommendation to Council	T Moritz
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Investment Performance 2023-24		J Stewart R Barnwell
Debtors Report		M Virgin R Barnwell
CoM State of our Assets - annual progress reporting against Asset Management Strategy KPIs		C Johnson B Lyons
2024 Asset Management Plan Tranche 3(b)		B Lyons M Allen

Special Meeting - Monday 11 November 5.00pm – 6.00pm

Topic	Description	Staff Responsible
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Investment Performance 2023-24		J Stewart R Barnwell
Debtors Report		M Virgin R Barnwell

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Tuesday 3 December 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communications Report	T Moritz
Work Program and Meeting Schedule 2025	Review and Feedback	T Moritz
Ombudsman Annual Report	For Noting	A Johnson T Moritz
Internal Audit - Implementation of Recommendations Q1	Review & Feedback	C Mitchell
Framework and Key Assumptions for the preparation of the 2025-26 ABP and LTFP	Review and Feedback	R Barnwell
Budget Review 1 – 2024-25	For Noting	R Barnwell
Corporate Risk report Q1	Review & Feedback	S Tebyanian M Frew

6 Confidential Items - Nil

7 Reports for Discussion

7.1 Independence of Council's Auditors

Report Reference	SFRAC241111R7.1
Originating Officer	Unit Manager Statutory Finance – Melissa Virgin
Corporate Manager	Chief Financial Officer – Ray Barnwell
General Manager	Acting General Manager Corporate Services – Megan Bradman

REPORT OBJECTIVE

In accordance with the *Local Government Act 1999* (the Act) and *Local Government (Financial Management) Regulations 2011*, Council's auditor can only undertake work that is within the scope and function of the auditor as prescribed under the Act. This includes undertaking the annual financial audit and any audits as requested by Council under Section 130A of the Act in relation to the economy and efficiency of Council operations. The underlying principle of this requirement is to ensure that auditor independence is not compromised.

Regulation 22(3) requires Council's Chief Executive Officer and the Presiding Member of the Finance Risk and Audit Committee to each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the City of Marion (refer to **Attachment 1**).

EXECUTIVE SUMMARY

During the 2023-2024 financial year, Council has not engaged Galpins to provide any services outside the scope of the auditor's functions as prescribed in the Act.

Management confirms that it is not aware of any circumstance that would impact on the independence of Council's Auditor and that the CEO will be signing the certification within his delegation.

In addition to the above statement, regulation 22(5) also requires that Council's Auditor provide a statement (in the form provided at **Attachment 2**) attesting to their independence.

Auditor independence is an important aspect of an auditor's role. Independence is key to the confidence with which the audit is undertaken.

RECOMMENDATION

That the Finance Risk and Audit Committee:

- 1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year (Attachment 2).**
- 2. Notes that the CEO will be signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year.**
- 3. Endorses the Chairperson signing a statement that Council's external auditor**

Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year.

Legal / Legislative / Policy

Local Government Act 1999, Local Government (Financial Management) Regulations 2011.

ATTACHMENTS

1. Attachment 1 - Audit Independence 2023-2024 - City of Marion [7.1.1 - 1 page]
2. Attachment 2 - Audit Independence 2023-2024 - Statement by Auditor [7.1.2 - 1 page]

City of Marion

General Purpose Financial Statements

for the year ended 30 June 2024

Certification of Auditor Independence

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

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

Tony Harrison
CHIEF EXECUTIVE OFFICER

Emma Hinchey
PRESIDING MEMBER
FINANCE RISK AND AUDIT COMMITTEE

Date:

Galpins

Accountants, Auditors
& Business Consultants



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CITY OF MARION

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Marion for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Partner

28 October 2024

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7.2 Annual Financial Statements for the year ended 30 June 2024

Report Reference	SFRAC241111R7.2
Originating Officer	Unit Manager Statutory Finance – Melissa Virgin
Corporate Manager	Chief Financial Officer – Ray Barnwell
General Manager	Acting General Manager Corporate Services – Megan Bradman

REPORT OBJECTIVE

The objective of this report is to present the City of Marion's Annual Financial Statements for the financial year ended 30 June 2024 to the Finance, Risk and Audit Committee.

Reports provided include:

1. **Representation letter** (Attachment 1) - audit of annual financial report for period 1 July 2023 to 30 June 2024. The purpose of this letter is to express an opinion as to whether the financial report is prepared in accordance with Australian Accounting Standards, the *Local Government Act 1999* and other mandatory reporting requirements in Australia. This letter will be signed by Tony Harrison, CEO once the financial statements have been adopted by Council.
2. **Analytical Review** (Attachment 2) – Comparative analysis to prior year Audited Financial Statements and comparison to the original adopted 2023-2024 budget.
3. **Annual Financial Statements** for year ended 30 June 2024 – (Attachments 3 to 4).
4. **External Auditor (Galpins) Audit Completion Report** – (Attachment 5).

These reports are provided for consideration by the Finance, Risk and Audit Committee prior to adoption of the 2023-2024 Annual Financial Statements by Council at its meeting on 26 November 2024.

EXECUTIVE SUMMARY

The Annual Financial Statements for the year ended 30 June 2024 have been completed with Council's Auditors indicating they expect to issue an unmodified audit opinion, subject to the satisfactory completion of the following matters:

- A subsequent events review up to the date of the audit opinion.
- Receipt of management's signed representation letters.

The 2023-2024 Annual Financial Statements demonstrate Council's continued strong financial position, providing a sound basis for long-term objectives set out in the Strategic Plan.

In summary, Council's financial performance for the 2023-2024 year includes an operating deficit of \$7.456m, reflecting an increase from the minor operating deficit of \$0.314m reported in 2022-2023. This year's operating result is influenced by the advance payment of the '2023-2024 Grants Commission – Financial Assistance Grants,' received in June 2023 and included in the 2022-2023 annual accounts. Additionally, the Council has updated its depreciation charge to account for the impact of a full comprehensive revaluation of Infrastructure and Building Assets in June 2023, alongside the addition of over \$23 million in new assets developed over the past two years.

Other key factors contributing to the movement in the operating result are detailed in the analytical review (Attachment 2).

In accordance with its 'Terms of Reference' the Finance, Risk and Audit Committee provides independent advice and support to Council in helping it achieve its governance and prudential management obligations, including the review of Council's Annual Financial Statements to ensure they present fairly the state of affairs of the City of Marion.

This report has been prepared in accordance with section 127 of the Local Government Act 1999 and the Local Government Accounting Regulations.

In accordance with section 125 of the Local Government Act 1999 Council's external auditors have also assessed the internal financial control environment in regard to Council's compliance with all material aspects of the Act.

Council's Auditors have indicated that they expect to issue an unmodified audit opinion with regards to council's internal control environment.

As part of the annual audit process Council's external auditors also perform a number of minor grant audits, which are required as part of each individual funding agreement.

Next Steps

In conjunction with the adoption of the 2023-2024 audited Annual Financial Statements the 1st Budget Review 2024-2025 process will be completed which includes:

- Adoption of the 2023-2024 Carryovers & Unexpended Grants (noting that the funding relating to projects which have been re-timed will be brought into the budget when required) as part of the 2024-2025 First Budget Review;
- Reconciling and identifying the 2023-2024 funding savings achieved against Council's adopted 2023-2024 budget.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2024, as included at Attachments 3-4, be adopted.**
- 2. Notes Galpins Audit Completion Report, as included at Attachment 5.**
- 3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2023-2024 budget (Analytical Review), as included at Attachment 2.**

GENERAL ANALYSIS

The Statements have been prepared in accordance with applicable Australian Accounting Standards and the Local Government Regulations.

The Local Government Accounting Regulations require that a Council must prepare its accounts for audit by the second Friday in October and on or before 30 November, supply a copy of the Audited Financial Statements to each of the following:

- The Minister responsible for Local Government
- The Local Government Grants Commission
- The Deputy Commonwealth Statistician and Government Statistician

Legal / Legislative / Policy:

Local Government Act 1999, Local Government (Financial Management) Regulations 2011.

DISCUSSION

Four main statements are prepared as part of the Annual Financial Statements as summarised below:

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income details council's revenues and expenses for the reporting period 1 July 2023 to 30 June 2024 and reveals an operating deficit (before capital revenues and contributed assets) of \$7.456m for 2023-2024 compared to an operating deficit of \$0.314m for 2022-2023. The key movements in operating revenue and expenses are noted below with further analysis detailed in the analytical review (Attachment 2).

Operating Income – prior year comparison

Total Operating Income for 2023-2024 increased 1.7% at \$106.419m compared to \$104.631m in 2022-2023. Council adopted a below CPI rate increase of 5.2% in 2023-2024 with the increase in rates revenue of \$5.646m including underlying growth of 1% in ratable properties contributing to the increase. Other increases in revenue include user charges (\$0.169m) and investment income (\$0.089m).

However, the increase in revenue noted above has been offset to a large degree by a reduction in operating grant income of \$3.895m on prior year. This significant reduction is primarily due to the advance payment of '2023-2024 Grants Commission – Financial Assistance Grants' paid in June 2023 and recognised on receipt in the 2022-2023 annual accounts.

Several other smaller variances are outlined and further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

Operating Expenses – prior year comparison

Total Operating expenses for 2023-2024 increased by 8.5% at \$113.875m compared to prior year actuals of \$104.945m in 2022-2023. The total increase of \$8.930m on prior year actual costs is primarily a result of:

- Depreciation increased by \$3.862m – Increase relates to an uplift in the depreciation provision to account for the impact of a full comprehensive revaluation of Infrastructure and Building Assets in June 2023, alongside the addition of over \$23m in new assets developed over the past two years.
- Employee costs increased by \$3.189m - stemming largely from annual increases relating to enterprise Agreements, including the impact of a once-off catch-up provision for the outdoor workforce in the final year of their agreement of 10.8% and additional 0.5% super guarantee contribution. The increase also reflects growth in support of business operations with additional roles.
- Materials, Contracts & Other Expenses increased by \$1.935m - increases in relation to costs pressures and additional expenditure on utility costs, in addition to increased expenditure relating to operating components of capital projects.
- Further analysis is detailed in Attachment 2 - ("Analytical Review – against Prior Year Actual").

Other key variances reported on the Statement of Comprehensive Income:

Capital Revenues and Revaluation – prior year comparison.

Grants recognised specifically for New or Upgraded Assets decreased by \$1.111m to \$7.976m. This decrease reflects additional Local Roads and Community Infrastructure (LRCI) funding of \$3.200m received in 2022-2023. This comparative decrease is partially offset by grant funding received in 2023-2024 for the Cove Sports Upgrade (\$2.249m).

Another key movement includes Changes in Revaluation Surplus – IPP&E an increase of \$240.75m which reflects the revaluation of Land, Other Infrastructure, Plant and Equipment and

Site Improvement assets undertaken by independent professional valuers in 2023-2024. Asset classes which were not subject to valuation in 2023-2024 were also indexed at 4.5%.

Variances against the 2023-2024 Statement of Comprehensive Income are further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

KEY OPERATING RATIOS

OPERATING SURPLUS RATIO	2024	2023	2022
Operating Surplus/(Deficit) (before capital revenues)	(7.01%)	(0.30%)	0.53%

This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue. The target set in Council's Long Term Financial Plan is to "maintain a financial position at an average of between 0 and 10% over any five financial years". The 5 year average Operating Surplus Ratio is 0.06% which is within the Council's targeted ratio bandwidth of 0 –10%.

Comment:

The actual result for 2023-2024 Operating Surplus Ratio has fallen into a negative position which was influenced by the advance payment of the '2023-2024 Grants Commission – Financial Assistance Grants,' received in June 2023 and included in the 2022-2023 annual accounts. The uplift in depreciation to account for the impact of a full comprehensive revaluation of Infrastructure and Building Assets in June 2023 and over \$23m of newly developed assets has also had a significant impact on this ratio in 2023-2024.

RATE REVENUE RATIO	2024	2023	2022
Rate Revenue Operating Revenue	85%	81%	80%

This ratio expresses rate revenue as a percentage of operating revenue.

Although this ratio is not a prescribed ratio required by the 'Model Set of Accounts' it is a valuable indicator as it highlights Council's reliance on rates as a revenue source and the need for Council to seek alternative sources of income.

Comment:

Council's reliance on rate revenue increased slightly in 2023-2024 due to a decrease in other income sources such as Grants, Subsidies and Contributions. This ratio, from a comparative perspective has been impacted by the advance payment of grant funds in the 2022-2023 year noted above. Adjusting for those grant funds in 2023-2024 would bring the ratio to 81.8%.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2024.

Infrastructure, Property, Plant & Equipment (IPP&E):

Council's IPP&E increased by \$190.444m (16.7%) compared to 2022-2023. Council completed construction on \$35.218 of new and renewed assets in 2023-2024 offset by depreciation of \$21.594m, a revaluation increment of \$153.102m for Land, Other infrastructure and Site

Improvement in addition to disposals and other minor adjustments of \$5.757m.

Council also applied indexation for the first time in place of a desktop valuation. This had an impact of \$29.472m increase for Building and Infrastructure Assets.

The table below identifies the key contributors to the movement in Council's non-current assets.

	2024 \$000s	2023 \$000s	Increase/(Decrease) \$000s
Land	477,425	355,619	121,806
Infrastructure	662,326	608,725	53,601
Buildings	158,551	143,439	15,112

Other variances when comparing 2023-2024 against the 2022-2023 Statement of Financial Position are further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

ASSET RENEWAL FUNDING RATIO	2024	2023	2022
Net Asset Renewals Targeted Renewal Expenditure	91%	82%	78%

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

This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption. A long-term average ratio of 100% would indicate that Council is investing adequately in maintaining its asset base. The annual target is between 90–110%.

Comment:

Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Renewal Funding Ratio of 100% over the next three years and over the 10-year term of the LTFP.

The ratio of 91% achieved in 2023-2024 meets council's target, this position is showing a continued improvement year on year for this ratio.

BORROWINGS

In assessing Council's financial position, it is appropriate to consider liabilities in relation to borrowings. Borrowings are required by Council from time to time to finance strategic long-term assets for the orderly development of the City. With no new borrowings taken out in 2023-2024 due to Council's strong cash holding position, Council's total borrowings as at the 30 June 2024 were \$1.758m - a net decrease of \$0.929m over the level of borrowings in June 2023. Council is in a strong position to take on the forecast borrowings of \$75.6m outlined in Council's adopted LTFP over the next 10 years.

KEY DEBT RATIOS

The following indicators are used to monitor Council's performance in relation to its current level of debt.

NET FINANCIAL LIABILITIES RATIO	2024	2023	2022
------------------------------------	------	------	------

Net Financial Liabilities	5.86%	(9.48%)	(11%)
Total Operating Revenue			

This ratio indicates the extent to which net financial liabilities of the council can be met by the council's total operating revenue and is based on the Net Financial Liabilities above.

Comment:

This result reflects that Council's Financial Liabilities currently exceed its Financial Assets predominantly as a result of a decrease in Council's cash holdings due to expenditure on significant capital works and major projects. Council's capacity to meet its financial obligations from operating revenues is strong with capacity to meet its future requirements identified in Council's Long Term Financial Plan.

INTEREST COVER RATIO	2024	2023	2022
Net Interest Expense	(1.0%)	(0.9%)	(0.1%)
Total Operating Revenue			

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues.

Comment:

Negative ratios have been recorded for the past 7 years reflecting interest revenues being greater than interest expenses.

DEBT SERVICING RATIO	2024	2023	2022
Principal + Interest	1.03%	1.04%	1.08%
Total Operating Revenue			

This ratio identifies Council's ability to service its debt obligations from operating revenues, with the target range set at 0 to 10%.

Comment:

The ratio confirms that Council has a low debt holding and is well positioned for future borrowings outlined in its Long Term Financial Plan. The 1.03% result is well below the upper end of the target range of between 0 and 10%.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity reconciles the opening and closing balances of Council's equity over the reporting period.

The balance of equity represents Council's net worth of \$1.354 billion as reflected in the Statement of Financial Position.

CASH FLOW STATEMENT

The Cash Flow Statement details the cash movements for the year ended 30 June 2024 and reconciles with Note 11 of the Annual Financial Statements.

The Statement indicates a decrease in Cash, Cash Equivalents and Investments of \$15.870m compared to 30 June 2023. As previously mentioned, a sizable portion of the cash position is committed to unexpended grants, carryovers and re-timed capital works. Council also retains cash

reserves quarantined for ongoing multi-year major projects and long term asset management objectives.

RESERVE FUNDS

A review of the balances of Council's reserves indicates that they are at a level sufficient to meet their purpose and intent which are listed in Note 9 Reserves in Attachment 3. Council's current Reserve funds are made up of the following:

Grants and Carryovers Reserve: \$13.938m

This is made up of grant funded carryover projects and capital works carried over to 2024-2025 or re-timed to future years as required.

Open Space Reserve: \$2.121m

It is considered by management that the current balance of this fund is adequate to meet its intended purpose.

Asset Sustainability Reserve – General \$3.866m

This fund is considered by management to be adequate to provide Council with the funding capacity to manage its long term asset management objectives. Funding in this reserve is quarantined to support key infrastructure projects continuing and commencing in 2024-2025 including the MCC Plaza, Warradale Park Tennis Club and Seacliff Golf Park upgrades.

EQUITY ACCOUNTED INVESTMENT

Council has part ownership in equity accounted investments and is required to include its equity share in these in its Annual Financial Statements along with copies of these entities' Financial Statements.

Southern Region Waste Resource Authority (SRWRA)

SRWRA provides and operates services for the management of waste and waste facilities on behalf of its constituent councils – The Cities of Onkaparinga, Marion and Holdfast Bay – ensuring that a long term Waste Management Strategy exists in the southern region of Adelaide. The City of Marion has a 30% share in SRWRA.

ATTACHMENTS

1. Attachment 1 - Management Letter of Representation [7.2.1 - 4 pages]
2. Attachment 2 - Analytical Review 2023-2024 [7.2.2 - 3 pages]
3. Attachment 3 - Annual Financial Statements 2023-2024 [7.2.3 - 47 pages]
4. Attachment 4 - SRWRA Annual Report 2023-2024 [7.2.4 - 52 pages]
5. Attachment 5 - Galpins - Audit Completion Report 2023-2024 [7.2.5 - 18 pages]

4 November 2024



Mr Tim Muhlhausler
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Dear Tim,

This representation letter is provided in connection with your audit of the financial report of City of Marion (the Council) for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

We confirm that *(to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves)*:

A. FINANCIAL REPORT

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.
3. Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:
 - sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.
 - all balances due to or from related party at year end.

6. All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. There are no identifiable misstatements, both individually and in the aggregate, within the financial report.

B. OWNERSHIP

1. The Council has good title (or lease interest) in all assets recorded in the accounts.

C. VALUATION

1. We have no plans and intentions that may affect materially the carrying value, or classification, of Council's assets and liabilities.
2. The fair value of land and buildings as determined by the external valuer is reasonable.
3. Adequate provisions have been recorded in the accounts for all anticipated losses.
4. Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
5. The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

D. Information Provided

1. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in accounting records and are reflected in the financial report.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
5. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;

- employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial report.
6. We have disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Council's financial report communicated by employees, former employees, analysts, regulators or others.
 7. We have disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.
 8. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
 9. We have disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
 10. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

E. COMPLETENESS

1. All assets owned or controlled by the Council have been recorded in the accounts.
2. All services rendered prior to the year-end have been recorded in the correct financial year.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
4. All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
5. All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
6. Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
7. All liabilities of the Council at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

F. ELECTRONIC PUBLICATION OF FINANCIAL REPORT

1. We acknowledge our responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
2. We acknowledge our responsibility to clearly differentiate between audited and unaudited information in the construction of the Council's website as we understand the risk of potential misrepresentation.

3. We acknowledge our responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
4. We acknowledge our responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

G. OTHER

1. Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
2. We believe that the Council will be able to meet its financial commitments when they fall due.

Yours Sincerely,

Tony Harrison
Chief Executive Officer

ANALYTICAL REVIEW - against Prior Year Actual

ATTACHMENT 2

Statement of Comprehensive Income	2023/24 \$000's	2022/23 \$000's	Variance \$000's	Variance %	Favourable/ (Unfavourable)	Analysis
Income						
Rates Revenues	89,976	84,330	5,646	6.7%	F	Council adopted a 5.2% rate rise in addition to movement due to the growth rate in rateable properties of 1%. This increase also reflects an increase in the Regional Landscape Levy (\$180k).
Statutory Charges	2,400	2,542	(142)	(5.6%)	F	Primarily from a decrease in Parking Fines revenue (\$119k).
User Charges	4,164	3,995	169	4.2%	F	This relates primarily to an increase in Rental income from new lease agreements executed in 2022-2023.
Grants, Subsidies & Contributions	6,004	9,899	(3,895)	(39.3%)	U	The significant decrease in grant funding reflects the Annual Financial Assistance Grant allocation for 2023-2024 being received in advance in 2022-2023 (\$3.487m). A decrease in grants for Family and Community Development (\$150k) was also experienced in 2023-2024.
Investment Income	1,246	1,157	89	7.7%	F	An increase in investment income due to a small increase in interest rates on prior year for deposits held.
Reimbursements	741	792	(51)	(6.4%)	F	Predominately relates to the reduction in plant hire costs received from Cross Council collaboration projects (\$48k).
Other Income	1,118	1,271	(153)	(12.0%)	U	Predominately relates to a decrease in Cross Council Labour Recovery.
Net Gain - Equity Accounted Businesses	770	645	125	19.4%	U	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Total Income	106,419	104,631	1,788	1.7%		
Expenses						
Employee Costs	45,567	42,378	3,189	7.53%	U	Includes annual increases from Enterprise Agreements including a catch up provision for the outdoor work force agreement of 10.8% and an increase of 0.5% in the Super Guarantee. Additional resourcing was endorsed by Council and internally to support business operations.
Materials, Contracts & Other Expenses	46,564	44,629	1,935	4.3%	F	Relates to an increase in electricity (\$361k), Water (\$197k) and IT Licences (\$290k). One off expenditure was also incurred on operating components of capital jobs such as Cove Sports Upgrade (\$480k), Alawoona Avenue Reserve Development (\$377k) and Cohen Court (\$145k).
Depreciation, Amortisation & Impairment	21,594	17,732	3,862	21.8%	U	Increase in depreciation expense due to the full year impact of \$11.3m of new assets constructed in 2022-2023, part year impact of \$12.2m of new Infrastructure and Buildings assets constructed in 2023-2024 in addition to the impact of the Revaluation of Infrastructure and Building Assets at 30/6/2023.
Finance Costs	150	206	(56)	(27.2%)	F	No new borrowings were taken out resulting in a decrease in interest expense.
Total Expenses	113,875	104,945	8,930	8.5%		
Operating Surplus/(Deficit)	(7,456)	(314)	(7,142)	2274.5%		
Asset Disposal & Fair Value Adjustments	(4,677)	(382)	(4,295)	1124.3%	F	Asset disposal differences along with reduction in sales consideration received in 2023-2024 due to sale of minor land holdings in 2022-2023.
Amounts Received Specifically for New or Upgraded Assets	7,976	9,087	(1,111)	(12.2%)	F	In 2022-2023 Council received additional funding for Local Roads and Community Infrastructure (\$3.200m). This decrease is largely offset by one off grants received in 2023-2024 for Cove Sports Upgrade (\$2.249m). See note 2(g) for detailed breakdown.
Physical Resources Received Free of Charge	1,002	727	275	37.8%	U	Relates to an increase in Infrastructure assets received relating to the Morphetville Park Urban Renewal, Oaklands Green and Tonsley Redevelopment.
Net Surplus/(Deficit)	(3,155)	9,118	(12,273)	(134.6%)		
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	182,574	(58,179)	240,753	(413.8%)	U	Reflects change in the valuation of assets following a comprehensive revaluation of Other Infrastructure, Land, Plant & Equipment and Site Improvement assets undertaken by independent professional valuers in 2023-2024. Council have also applied in 2023-2024 a 4.5% indexation to the Infrastructure and Buildings asset classes.
Total Other Comprehensive Income	182,574	(58,179)	240,753	(413.8%)		
Total Comprehensive Income	179,419	(49,061)	228,480	(465.7%)		

ANALYTICAL REVIEW - against Prior Year Actual

ATTACHMENT 2

Statement of Financial Position	2023/24 \$000's	2022/23 \$000's	Variance \$000's	Variance %	Analysis
ASSETS					
Current Assets					
Cash & Cash Equivalents	11,961	26,631	(14,670)	(55.1%)	Decrease in short term deposits on prior year.
Trade & Other Receivables	6,531	6,512	19	0.3%	
Other Financial Assets	1,800	3,000	(1,200)	(40.0%)	Relates to a decrease of funds invested in term deposits with over 90 day terms at 30 June.
Inventories	600	678	(78)	(11.5%)	Relates to a minor decrease of inventories held.
Total Current Assets	20,892	36,821	(15,929)	(43.3%)	
Non-Current Assets					
Equity Accounted Investments in Council Businesses	9,271	8,501	770	9.1%	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Infrastructure, Property, Plant & Equipment	1,328,046	1,137,602	190,444	16.7%	Movements in valuation of assets comprehensively valued or indexed and asset acquisitions, disposals and depreciation.
Other Non-Current Assets	23,080	18,725	4,355	23.3%	Increase in Work In Progress balances relates to a number of projects close to completion but not finalised as at 30 June 2024 including The Cove Sports Upgrade, Coastal Walkway, Marino Hall Upgrade and MCC Plaza Development.
Total Non-Current Assets	1,360,397	1,164,828	195,569	16.8%	
TOTAL ASSETS	1,381,289	1,201,649	179,640	14.9%	
LIABILITIES					
Current Liabilities					
Trade & Other Payables	17,534	16,830	704	4.2%	Reflects the increase in creditor balance on prior year.
Borrowings	310	929	(619)	(66.6%)	Current borrowings (current loan principle component) decreasing as existing loans are being paid down. No new loans established in 2023-2024.
Provisions	7,134	6,722	412	6.1%	Increase in Employee Leave Provisions.
Lease Liabilities	0	6	(6)	-	Reduction in lease liability due to leases ending.
Total Current Liabilities	24,978	24,487	491	2.0%	
Non-Current Liabilities					
Borrowings	1,448	1,758	(310)	(17.6%)	Reduction in total borrowings in line with scheduled repayments of existing loans - no new borrowings taken out during 2023-2024
Provisions	700	660	40	6.1%	Increase in Employee Leave Provisions.
Lease Liabilities	0	0	0	-	
Total Non-Current Liabilities	2,148	2,418	(270)	(11.2%)	
TOTAL LIABILITIES	27,126	26,905	221	0.8%	
Net Assets	1,354,163	1,174,744	179,419	15.3%	
EQUITY					
Accumulated Surplus	440,335	434,637	5,698	1.3%	Refer Statement of Comprehensive Income & Statement of Change in Equity (movement in comprehensive income net of reserve transfers).
Asset Revaluation Reserves	893,903	711,329	182,574	25.7%	Reflects change in the valuation of assets following a comprehensive revaluation of Other Infrastructure, Land, Plant & Equipment and Site Improvement assets undertaken by independent professional valuers in 2023-2024. Council have also applied in 2023-2024 a 4.5% indexation to the Infrastructure and Buildings asset classes.
Other Reserves	19,925	28,778	(8,853)	(30.8%)	Decrease in amounts held in Council's Accounting Reserves.
Total Council Equity	1,354,163	1,174,744	179,419	15.3%	

ANALYTICAL REVIEW - against Adopted Budget

ATTACHMENT 2

Statement of Comprehensive Income	2023/24 \$000's	Original Budget \$000's	Variance \$000's	Variance %	Favourable/ (Unfavourable)	Analysis
Income						
Rates Revenues	89,976	89,438	538	0.6%	F	Primarily relates to lower than forecast requirement for Rate Rebates (\$243k) as well as interest on overdue balances being greater than forecast (\$173k).
Statutory Charges	2,400	2,551	(151)	(5.9%)	F	Relates to actual expenditure for Property Search Fees being classified as User Charges (see below) where budget is classified as Statutory Charges.
User Charges	4,164	3,325	839	25.2%	F	Increase in Rental Income for full year impact of new agreements executed in 2022-2023 (\$295k). Increase in forecast Sales income (\$100k), Program Income (\$120k) and Admission charges for the Marion Outdoor Pool (\$174k). This also reflects actual expenditure for Property Search Fees being classified as User Charges where budget is classified as Statutory Charges.
Grants, Subsidies & Contributions	6,004	6,935	(931)	(13.4%)	F	Primarily relates to Grant Commission Funding being received in advance in 2022-2023, after 2023-2024 budget adoption. This is offset by a number of unbudgeted grants received.
Investment Income	1,246	425	821	193.2%	F	Actual interest revenue reflects an increase in official interest rates on cash holdings combined with a higher than forecast cash holding.
Reimbursements	741	1,081	(340)	(31.5%)	U	Relates to actual expenditure for Cross Council Labour Recovery being lower than forecast (\$308k).
Other Income	1,118	701	417	59.5%	F	Relates to a number of smaller contributions successfully attracted during the year (\$322k) and unbudgeted recoveries from insurance claims (\$70k).
Net Gain - Equity Accounted Businesses	770	365	405	111.0%	F	Reflects higher than forecast movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Total Income	106,419	104,821	1,598	1.5%		
Expenses						
Employee Costs	45,567	44,064	1,503	3.4%	U	The increase reflects growth in support of business operations with additional roles. Resources for the Marion Outdoor Pool were also increased during an extended season with costs offset by increased revenue. This variance also accounts for a one-time 10.8% catch-up provision under the outdoor workforce agreement for 2023-24, along with an associated rise in employee leave provisions.
Materials, Contracts & Other Expenses	46,564	42,141	4,423	10.5%	U	Relates to \$2.690m of expenditure carried over from 2022-2023, \$1.170m, of this was for multi-year Digital Transformation projects. In addition, elements of budgeted capital projects were reclassified to operating (\$591k) including Cove Sports Upgrade and MCC Plaza. Other contractor costs were higher than budgeted for street tree planting, Kerb and Water Table Maintenance and Footpath Maintenance.
Depreciation, Amortisation & Impairment	21,594	18,100	3,494	19.3%	U	Increase in depreciation expense due to the full year impact of \$11.3m of new assets constructed in 2022-2023, part year impact of \$12.2m of new Infrastructure and Buildings assets constructed in 2023-2024 in addition to the impact of the Revaluation of Infrastructure and Building Assets at 30/6/2023.
Finance Costs	150	151	(1)	(0.7%)	U	
Total Expenses	113,875	104,456	9,419	9.0%		
Operating Surplus/(Deficit)	(7,456)	365	(7,821)	(2142.7%)	U	
Asset Disposal & Fair Value Adjustments	(4,677)	0	(4,677)	0.0%	U	Infrastructure and Buildings disposals during 2023-2024.
Amounts Received Specifically for New or Upgraded Assets	7,976	10,119	(2,143)	(21.2%)	F	Grant funding of \$1.7m for Alternative Water Supply budgeted for in 2023-2024 was received in advance in 2022-23. Additionally, a portion of the Marino Hall Upgrade grant was unspent at 30 June 24 and therefore not recognised as income.
Physical Resources Received Free of Charge	1,002	0	1,002	0.0%	F	Reflects contributed assets received and not budgeted for.
Net Surplus/(Deficit)	(3,155)	10,484	(13,639)	(130.1%)	F	
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	182,574	0	182,574	0.0%	U	Movement in Other Infrastructure, Land, Plant & Equipment and Site Improvement assets due to comprehensive revaluation carried out by independent valuer in 2023-2024, in addition to a 4.5% indexation being applied to the Infrastructure and Building asset classes.
Total Other Comprehensive Income	182,574	0	182,574	0.0%		
Total Comprehensive Income	179,419	10,484	168,935	1611.4%	U	

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City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



City of Marion

General Purpose Financial Statements
for the year ended 30 June 2024

Contents	Page
Council certificate	3
Principal Financial Statements	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to and forming part of the Financial Statements	8
Independent Auditor's Report – Financial Statements	44
Independent Auditor's Report – Internal Controls	45
Certificates of Audit Independence	
Council Certificate of Audit Independence	46
Audit Certificate of Audit Independence	47

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City of Marion

General Purpose Financial Statements

for the year ended 30 June 2024

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Tony Harrison
Chief Executive Officer

Date:

Kris Hanna
Mayor

Date:

City of Marion

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Income			
Rates Revenues	2a	89,976	84,330
Statutory charges	2b	2,400	2,542
User charges	2c	4,164	3,995
Grants, subsidies and contributions - operating	2g	6,004	9,899
Investment income	2d	1,246	1,157
Reimbursements	2e	741	792
Other income	2f	1,118	1,271
Net gain - equity accounted council businesses	19(a)	770	645
Total income		106,419	104,631
Expenses			
Employee costs	3a	45,567	42,378
Materials, contracts and other expenses	3b	46,564	44,629
Depreciation, amortisation and impairment	3c	21,594	17,732
Finance costs	3d	150	206
Total expenses		113,875	104,945
Operating surplus / (deficit)		(7,456)	(314)
Physical resources received free of charge	2i	1,002	727
Asset disposal and fair value adjustments	4	(4,677)	(382)
Amounts received specifically for new or upgraded assets	2g	7,976	9,087
Net surplus / (deficit) ¹		(3,155)	9,118
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I, PP&E	9a	182,574	(58,179)
Total other comprehensive income		182,574	(58,179)
Total comprehensive income		179,419	(49,061)

(1) Transferred to Statement of Changes in Equity

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

City of Marion

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	11,961	26,631
Trade and other receivables	5b	6,531	6,512
Other financial assets	5c	1,800	3,000
Inventories	5d	600	678
Total current assets		20,892	36,821
Non-current assets			
Equity accounted investments in council businesses	6a	9,271	8,501
Other non-current assets	6b	23,080	18,725
Infrastructure, property, plant and equipment	7	1,328,046	1,137,602
Total non-current assets		1,360,397	1,164,828
TOTAL ASSETS		1,381,289	1,201,649
LIABILITIES			
Current liabilities			
Trade and other payables	8a	17,534	16,830
Borrowings	8b	310	929
Provisions	8c	7,134	6,722
Lease Liabilities	8d	—	6
Total current liabilities		24,978	24,487
Non-current liabilities			
Borrowings	8b	1,448	1,758
Provisions	8c	700	660
Lease Liabilities	8d	—	—
Total non-current liabilities		2,148	2,418
TOTAL LIABILITIES		27,126	26,905
Net assets		1,354,163	1,174,744
EQUITY			
Accumulated surplus		440,335	434,637
Asset revaluation reserves	9a	893,903	711,329
Other reserves	9b	19,925	28,778
Total council equity		1,354,163	1,174,744
Total equity		1,354,163	1,174,744

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

City of Marion

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2024					
Balance at the end of previous reporting period		434,637	711,329	28,778	1,174,744
Net surplus / (deficit) for year		(3,155)	—	—	(3,155)
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	182,574	—	182,574
Other comprehensive income		—	182,574	—	182,574
Total comprehensive income		(3,155)	182,574	—	179,419
Transfers between reserves		8,853	—	(8,853)	—
Balance at the end of period		440,335	893,903	19,925	1,354,163
2023					
Balance at the end of previous reporting period		427,628	769,508	26,669	1,223,805
Net surplus / (deficit) for year		9,118	—	—	9,118
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	(58,179)	—	(58,179)
Other comprehensive income		—	(58,179)	—	(58,179)
Total comprehensive income		9,118	(58,179)	—	(49,061)
Transfers between reserves		(2,109)	—	2,109	—
Balance at the end of period		434,637	711,329	28,778	1,174,744

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

City of Marion

Statement of Cash Flows

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		89,544	83,921
Statutory charges		2,413	2,565
User charges		4,506	4,359
Grants, subsidies and contributions (operating purpose)		6,206	10,254
Investment receipts		1,246	1,157
Reimbursements		799	863
Other receipts		8,631	6,160
<u>Payments</u>			
Finance payments		(150)	(206)
Payments to employees		(45,270)	(42,116)
Payments for materials, contracts and other expenses		(51,673)	(51,385)
Net cash provided by (or used in) operating activities	11b	16,252	15,572
Cash flows from investing activities			
<u>Receipts</u>			
Amounts received specifically for new or upgraded assets		6,301	15,116
Sale of replaced assets		251	1,082
Sale of surplus assets		828	2,415
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(13,731)	(9,684)
Expenditure on new/upgraded assets		(24,841)	(21,024)
Net purchase of investment securities		1,200	(600)
Net cash provided (or used in) investing activities		(29,992)	(12,695)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of borrowings		(929)	(876)
Repayment of lease liabilities		(1)	(9)
Net cash provided by (or used in) financing activities		(930)	(885)
Net increase (decrease) in cash held		(14,670)	1,992
plus: cash & cash equivalents at beginning of period		26,631	24,639
Cash and cash equivalents held at end of period	11a	11,961	26,631
Additional information:			
plus: investments on hand – end of year	5c	1,800	3,000
Total cash, cash equivalents and investments		13,761	29,631

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

City of Marion

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

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Material Accounting Policies	9
2	Income	16
3	Expenses	19
4	Asset disposal and fair value adjustments	20
5	Current assets	21
6	Non-current assets	21
7	Infrastructure, Property, Plant & Equipment	22
8	Liabilities	25
9	Reserves	26
10	Assets subject to restrictions	27
11	Reconciliation to Statement of Cash Flows	28
12(a)	Functions	29
12(b)	Components of functions	30
13	Financial instruments	31
14	Capital expenditure and investment property commitments	34
15	Financial indicators	36
16	Uniform presentation of finances	37
17	Leases	37
18	Superannuation	40
19	Interests in other entities	41
20	Non-current assets held for sale and discontinued operations	42
21	Contingencies and assets/liabilities not recognised in the balance sheet	42
22	Events after the balance sheet date	43
23	Related party transactions	43

City of Marion

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

Note 1. Summary of Material Accounting Policies

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

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

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention 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* dated 11 November 2024.

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 these Notes.

1.3 Rounding

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

1.4 Estimates and assumptions

Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(2) The local government reporting entity

City of Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. These 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

(3) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2021/22	\$4,601,320	\$3,124,230	\$1,477,790
2022/23	\$5,148,040	\$3,319,025	\$1,829,015
2023/24	\$181,162	\$3,668,629	(\$3,487,468)

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

Construction contracts

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

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

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

(6) Infrastructure, property, plant 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

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

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 annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Category	Individual Threshold
Infrastructure	\$10,000
Land	n/a
Land Improvements	\$5,000
Buildings	\$10,000
Furniture and Fittings	\$5,000
Equipment	\$5,000
Other	\$5,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregate Threshold
Infrastructure	
Reserve Lighting	\$250,000
Reserve Pathways	\$500,000
Buildings	
Bus Shelters	\$1,000,000
Shelters/Gazebos	\$250,000
Fencing	\$500,000
Furniture and Fittings	\$25,000
Equipment	
Irrigation	\$1,000,000
LED Lighting	\$1,000,000
Other	
BBQs	\$250,000
Reserve Furniture	\$500,000
Drink Fountains	\$50,000
Reserve Bollards	\$250,000
Reserve Bins	\$100,000
City Band Instruments	\$100,000
Council Artwork	\$100,000

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 7.

6.4 Depreciation of non-current assets

Other than land, 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.

continued on next page ...

Page 11 of 47

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

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

Major depreciation periods for each class of asset are listed below. 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.

	Short Life Years	Long Life Years
Furniture & Equipment		
Office Equipment	3 to 10	n/a
Office Furniture	15	n/a
Vehicles and Heavy Equipment	3 to 15	n/a
Other Plant & Equipment	7 to 25	n/a
LED Lighting	50	n/a
Irrigation – Equipment	10	n/a
Irrigation - Pipework	60	n/a
Buildings		
Sub Structure	n/a	80 to 200
Super Structure	40 to 80	n/a
Roofing	40	n/a
Services	40 to 50	n/a
Fitout	30	n/a
Infrastructure		
Sealed Roads – Surface	25 to 40	n/a
Road Base	60 to 100	200
Road Formation	200	n/a
Kerb	70 to 105	200
Footpath – Bitumen/Rubber	20 to 40	60 to 100
Footpath – Concrete	50 to 85	n/a
Footpath – Paved	50 to 85	n/a
Other Road Structures	20 to 100	40 to 80
Traffic Signs	15 to 20	n/a
Bridges	80 to 140	200
Stormwater Pipes Concrete	100 to 175	200
Stormwater Pipes PVC	60 to 100	n/a
Stormwater Pipes Ribloc	60 to 100	200
Junction Boxes	100 to 175	200
Pollutant Traps	100 to 175	200
Box Culverts	100 to 175	200
Headwalls	100 to 175	200
Drainage Pits	100 to 175	200
Other Infrastructure		
Wetland Assets	15 to 100	250
Car Parks	25 to 40	n/a
Lighting	15 to 25	n/a
Recreation Pathways	30 to 40	n/a
Sports Floodlights	25	n/a
Other Assets		
Playground Equipment	15	n/a
Reserve Furniture	25	n/a
Band Instruments	30	n/a
Civic Art Structures	15 to 80	n/a

continued on next page ...

Page 12 of 47

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

6.5 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.

6.6 Borrowing costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with *AASB 123 Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(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 from the date of invoice. No interest is payable on these amounts.

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 initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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".

(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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Fund. The Fund has two types of membership, each of which is funded differently. Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

continued on next page ...

Page 13 of 47

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

(10) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, 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

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

Council recognises the 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 the costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight line basis over lease term. The right-of-use asset is also subject to impairment.

ii) Lease Liabilities

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

iii) Short term leases and leases of low value assets

Council applies the short-term lease recognition exemption to its short term leases (i.e. a lease term less than 12 months from commencement date). Council also applies the low-value assets recognition exemption to leases that do not meet the underlying asset capitalisation threshold. These leases are recognised as an expense on a straight line basis over the lease term.

(11) Equity accounted Council businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

(12) GST implications

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

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

(13) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Australian Accounting Standards – AASB 2022-6: Non-current Liabilities with Covenants

Adopted AASB 2022-6 which makes some small amendments to AASB 101

The adoption of the amendments did not have a material impact on the financial statements.

Standards Issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2024, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

Effective for annual reporting periods beginning on or after 1 January 2024

continued on next page ...

Page 14 of 47

City of Marion

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

Note 1. Summary of Material Accounting Policies (continued)

AASB 2022-5: Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback

Effective for annual reporting periods beginning on or after 1 January 2025

AASB 2014-10: Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associates or Joint Ventures

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

(14) 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.

(15) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

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City of Marion

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

Note 2. Income

\$ '000	2024	2023
(a) Rates Revenues		
General rates		
General rates	89,705	84,416
Less: mandatory rebates	(2,402)	(2,316)
Less: discretionary rebates, remissions and write-offs	(31)	(159)
Total general rates	87,272	81,941
Other rates (including service charges)		
Regional Landscape Levy	2,278	2,098
Total other rates (including service charges)	2,278	2,098
Other charges		
Penalties for late payment	426	291
Total other charges	426	291
Total rates	89,976	84,330
(b) Statutory charges		
Planning and Development Fees	1,079	1,098
Health and septic tank inspection fees	53	52
Animal registration fees and fines	590	578
Parking fines / expiation fees	678	797
Other licences, fees and fines	—	17
Total statutory charges	2,400	2,542
(c) User charges		
Hall and equipment hire	328	326
Sales - general	976	1,193
Sundry	938	844
Admission Fees	774	775
Rental Income	1,148	857
Total user charges	4,164	3,995
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	1,246	1,157
Total investment income	1,246	1,157

continued on next page ...

Page 16 of 47

City of Marion

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

Note 2. Income (continued)

\$ '000	2024	2023
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(e) Reimbursements

Private works	353	196
Other	388	596
Total reimbursements	741	792

(f) Other income

Sundry	427	443
Donations & Contributions income	396	356
Labour Recovery	191	336
Insurance and other recoupments - infrastructure, property, plant and equipment	70	136
Other	34	—
Total other income	1,118	1,271

(g) Grants, subsidies and contributions

Capital grants, subsidies and contributions

Local Roads and Community Infrastructure Phase 2	285	3,485
Alternative Water Supply	—	1,740
Coastal Walking Trail - New Bridges	750	1,107
Mitchell Park Sports and Community Club	—	502
Plympton Park Land	—	402
Sam Willoughby International BMX Facility	—	375
Sport and Recreation Lighting Upgrades	—	342
Cove Sports and Community Club Upgrade	2,249	251
Coastal Walking Trail Toilet	—	180
Ballara Park Reserve	—	177
Maldon Reserve Toilet	—	120
Edwardstown Oval Digital Screen	—	110
Woodend School Wombat Crossing	—	90
Majors Road Footpath (South Rd to Adams Rd)	—	80
Marino Hall Upgrade	1,772	—
Alawoona Avenue Reserve	731	—
Cohen Court Reserve	525	—
Alawoona Avenue Streetscape	439	—
Hamilton Park Reserve	264	—
Aldridge Reserve	200	—
Other Amounts Received Specifically for New or Upgraded Assets	761	126
Total amounts received for new or upgraded assets	7,976	9,087

Operating grants, subsidies and contributions

Financial Assistance Grants	181	5,148
Home and Community Care Grants	2,686	2,098
Roads to Recovery	1,106	845
Library Services	316	313
Family and Community Development	—	285
Other grants, subsidies and contributions	1,715	1,210

continued on next page ...

Page 17 of 47

City of Marion

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

Note 2. Income (continued)

\$ '000	2024	2023
Other grants, subsidies and contributions - operating		
Total other grants, subsidies and contributions - operating	<u>6,004</u>	<u>9,899</u>

The functions to which operating grants relate are shown in Note 12.

Total grants, subsidies and contributions	<u>13,980</u>	<u>18,986</u>
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(i) Sources of grants

Commonwealth Government	6,879	12,610
State Government	6,788	5,934
Other	313	442
Total	<u>13,980</u>	<u>18,986</u>

(ii) Individually significant items

Grants Commission - Financial Assistance Grant recognised as income	181	5,148
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Council has not received any advance payment of the 2024-2025 Financial Assistance Grant during the 2023-2024 year compared to the 100% received in advance in the prior year.

\$ '000	2024	2023
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(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	<u>9,697</u>	<u>4,191</u>
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Less:

Expended during the current period from revenues recognised in previous reporting periods

Other	(4,255)	(2,793)
Subtotal	<u>(4,255)</u>	<u>(2,793)</u>

Plus:

Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions

Other	2,315	8,299
Subtotal	<u>2,315</u>	<u>8,299</u>

Unexpended at the close of this reporting period	<u>7,757</u>	<u>9,697</u>
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Net increase (decrease) in assets subject to conditions in the current reporting period	<u>(1,940)</u>	<u>5,506</u>
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(i) Physical resources received free of charge

Roads, bridges and footpaths	467	727
Stormwater drainage	529	—
Other	6	—
Total physical resources received free of charge	<u>1,002</u>	<u>727</u>

City of Marion

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

Note 3. Expenses

\$ '000	Notes	2024	2023
(a) Employee costs			
Salaries and wages		36,487	33,835
Employee leave expense		5,201	4,767
Superannuation - defined contribution plan contributions	18	4,227	3,615
Workers' compensation insurance		709	1,104
Less: capitalised and distributed costs		(1,057)	(943)
Total operating employee costs		45,567	42,378
Total number of employees (full time equivalent at end of reporting period)		406	382
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		28	28
Bad and doubtful debts		9	3
Elected members' expenses		404	377
Operating lease rentals - cancellable leases		123	123
Subtotal - prescribed expenses		564	531
(ii) Other materials, contracts and expenses			
Contractors		23,877	22,095
Maintenance		5,083	4,598
Parts, accessories and consumables		4,226	3,726
Infrastructure Contributions & Community Grants		1,133	2,093
Sundry		1,480	1,405
Levies Paid to Government - Regional Landscape Levy		2,262	2,089
Levies - other		275	224
Energy		2,177	1,855
Professional services		2,734	3,576
Insurance		881	738
Memberships & Subscriptions		479	556
Legal expenses		308	240
Printing & Postage		374	322
Bank Fees & Charges		38	38
Library Materials		263	192
Telecommunication Charges		173	186
Fringe Benefits Tax		125	109
Advertising		111	56
Other		1	-
Subtotal - Other material, contracts and expenses		46,000	44,098
Total materials, contracts and other expenses		46,564	44,629

continued on next page ...

Page 19 of 47

City of Marion

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

Note 3. Expenses (continued)

\$ '000	2024	2023
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	5,974	4,227
Infrastructure	11,569	9,624
- Other	1,506	1,433
Right-of-use assets	6	12
Plant and equipment	1,601	1,483
Furniture and fittings	100	106
Intangible Assets	37	37
Other assets	801	810
Subtotal	21,594	17,732
Total depreciation, amortisation and impairment	21,594	17,732
(d) Finance costs		
Interest on loans	149	203
Charges on Finance Leases	1	3
Total finance costs	150	206

Note 4. Asset disposal and fair value adjustments

\$ '000	2024	2023
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	251	1,082
Less: carrying amount of assets sold	(5,106)	(2,925)
Gain (loss) on disposal	(4,855)	(1,843)
(ii) Assets surplus to requirements		
Proceeds from disposal	828	2,415
Less: carrying amount of assets sold	(650)	(954)
Gain (loss) on disposal	178	1,461
Net gain (loss) on disposal or revaluation of assets	(4,677)	(382)

City of Marion

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

Note 5. Current assets

\$ '000	2024	2023
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(a) Cash and cash equivalent assets

Cash on hand and at bank	161	131
Short term deposits and bills, etc.	11,800	26,500
<u>Total cash and cash equivalent assets</u>	<u>11,961</u>	<u>26,631</u>

(b) Trade and other receivables

Rates - general and other	2,523	2,255
Rates Postponed for State Seniors	202	38
Accrued revenues	252	212
Debtors - general	1,582	2,458
GST recoupment	1,239	805
Prepayments	733	744
<u>Total trade and other receivables</u>	<u>6,531</u>	<u>6,512</u>

(c) Other financial assets

Other Financial Assets (Term Deposits with over 90 days to maturity)	1,800	3,000
<u>Total Other Financial Assets</u>	<u>1,800</u>	<u>3,000</u>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

(d) Inventories

Stores and materials	600	678
<u>Total inventories</u>	<u>600</u>	<u>678</u>

Note 6. Non-current assets

\$ '000	Notes	2024	2023
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(a) Equity accounted investments in council businesses

Southern Region Waste Resource Authority	19(a)i	9,271	8,501
<u>Total equity accounted investments in Council businesses</u>		<u>9,271</u>	<u>8,501</u>

(b) Other non-current assets

Capital work in progress	23,080	18,725
<u>Total other non-current assets</u>	<u>23,080</u>	<u>18,725</u>

City of Marion

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

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

	Fair Value Level	as at 30/06/23				Asset movements during the reporting period						as at 30/06/24			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000															
Land	3	355,619	–	–	355,619	–	–	–	–	–	121,806	477,425	–	–	477,425
Buildings and other structures	3	237,742	–	(94,303)	143,439	3,003	2,773	(1,812)	(5,974)	–	17,122	258,404	–	(99,853)	158,551
Infrastructure	3	950,052	–	(385,111)	564,941	9,200	8,095	(2,708)	(11,569)	(651)	23,948	1,000,492	–	(409,236)	591,256
Other Infrastructure	3	59,860	–	(16,076)	43,784	6,276	1,068	(173)	(1,506)	651	20,969	96,825	–	(25,756)	71,069
Right-of-use assets		–	785	(780)	5	–	–	–	(6)	–	–	–	785	(785)	–
Plant and equipment		–	27,489	(11,366)	16,123	719	2,485	(900)	(1,601)	–	–	–	28,725	(11,898)	16,827
Furniture and fittings		–	1,819	(863)	956	–	244	(74)	(100)	–	–	–	1,825	(799)	1,026
Other assets	3	17,731	–	(5,101)	12,630	1,230	125	(90)	(801)	–	(1,271)	17,223	–	(5,399)	11,824
Intangible Assets		711	–	(606)	105	–	–	–	(37)	–	–	711	–	(643)	68
Total infrastructure, property, plant and equipment		1,621,715	30,093	(514,206)	1,137,602	20,428	14,790	(5,757)	(21,594)	–	182,574	1,851,080	31,335	(554,369)	1,328,046
Comparatives		1,479,974	29,867	(311,826)	1,198,015	14,276	5,101	(3,880)	(17,732)	–	(58,179)	1,621,715	30,093	(514,206)	1,137,602

continued on next page ...

Page 22 of 47

City of Marion

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

Note 7. Infrastructure, Property, Plant & Equipment (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 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

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

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.

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

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.

continued on next page ...

Page 23 of 47

City of Marion

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

Note 7. Infrastructure, Property, Plant & Equipment (continued)

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.

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

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

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

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. A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2024.

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 improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Currently there are no assets that require this treatment.

Buildings & Other Structures

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2023.

Infrastructure

A comprehensive revaluation of infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) was carried out by independent valuation for the reporting period, 30 June 2023.

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2024 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways.

All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Equipment & Equipment

These assets are recognised on the cost basis.

All other Assets

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2024.

City of Marion

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

Note 8. Liabilities

\$ '000	2024 Current	2024 Non Current	2023 Current	2023 Non Current
(a) Trade and other payables				
Goods and services	8,182	—	5,784	—
- Grants, subsidies, contributions - operating	186	—	451	—
- Grants and contributions - capital	7,571	—	9,246	—
Accrued expenses - employee entitlements	1,561	—	1,317	—
Accrued expenses - other	5	—	7	—
Other	29	—	25	—
Total trade and other payables	17,534	—	16,830	—
(b) Borrowings				
Loans	310	1,448	929	1,758
Total Borrowings	310	1,448	929	1,758
All interest bearing liabilities are secured over the future revenues of the Council				
(c) Provisions				
Employee entitlements (including oncosts)	7,134	700	6,722	660
Total provisions	7,134	700	6,722	660
(d) Lease Liabilities				
Lease Liabilities	—	—	6	—
Total other liabilities	—	—	6	—

City of Marion

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

Note 9. Reserves

	as at 30/06/23				as at 30/06/24
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Land	250,696	121,806	–	–	372,502
Buildings and other structures	97,789	17,122	–	–	114,911
- Infrastructure - Stormwater drainage	71,455	5,934	–	–	77,389
Infrastructure - Roads, Bridges and Footpaths	281,250	18,014	–	–	299,264
Infrastructure - Other	4,353	20,969	–	–	25,322
Other assets	5,073	(1,271)	–	–	3,802
JV's / associates - other comprehensive income	713	–	–	–	713
Total asset revaluation reserve	711,329	182,574	–	–	893,903
Comparatives	769,508	(58,179)	–	–	711,329

	as at 30/06/23				as at 30/06/24
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Open Space Reserve	2,052	69	–	–	2,121
Grants/Carry Forward Projects Reserve	19,261	13,938	(19,261)	–	13,938
Asset Sustainability Reserve	6,306	1,872	(4,312)	–	3,866
Water Reserve	1,159	54	(1,213)	–	–
Total other reserves	28,778	15,933	(24,786)	–	19,925
Comparatives	26,669	21,963	(19,854)	–	28,778

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).

Open Space Reserve

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Planning, Development and Infrastructure Act 2016 (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the Fund.

City of Marion

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

Note 9. Reserves (continued)

Grants and Carryovers Reserve

Purpose - this reserve was created for:
Grants received in advance - occasionally a funding body has provided untied Grant funds relating to the following financial year(s) in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

Carryovers - typically represents unspent capital and service improvements budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the original purpose.

Asset Sustainability Reserve

Purpose - this is a reserve fund established to: Assist Council fund its Long Term Asset Management objectives including infrastructure gaps identified in periodic audits.

The Asset Sustainability Reserve will be funded from savings as identified as part of the budgeting process and planned cash surpluses identified in the Long Term Financial Plan (LTFP).

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

Water Reserve

Purpose - this reserve is established to quarantine revenue received and savings identified from the sale and use of treated stormwater from Oaklands Wetland to further develop third party supply opportunities.

Use of Fund - Reserve transfers require approval at Executive level.

Note 10. Assets subject to restrictions

\$ '000	2024	2023
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
Cash and financial assets		
Grant funds received in advance	7,757	9,621
Total cash and financial assets	7,757	9,621
Total assets subject to externally imposed restrictions	7,757	9,621

City of Marion

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2024	2023
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(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	11,961	26,631
Balances per Statement of Cash Flows		11,961	26,631

(b) Reconciliation of Operating Result

Net surplus/(deficit)		(3,155)	9,118
Non-cash items in income statements			
Depreciation, amortisation and impairment		21,594	17,732
Equity movements in equity accounted investments (increase)/decrease		(770)	(645)
Non-cash asset acquisitions		(1,002)	(727)
Grants received for capital programs		(6,301)	(15,116)
Net (gain)/loss on disposals		4,677	382
		15,043	10,744
Add (less): changes in net current assets			
Net (increase)/decrease in inventories		78	(178)
Net (increase)/decrease in receivables		(19)	(1,233)
Net increase/(decrease) in other liabilities		(6)	(4)
Net increase/(decrease) in trade and other payables		704	5,801
Net increase/(decrease) in unpaid employee benefits		452	442
Net cash provided by (or used in) operations		16,252	15,572

(c) Non-cash financing and investing activities

Acquisition of assets by means of:			
Physical resources received free of charge	2i	1,002	727
Amounts recognised in income statement		1,002	727
Total non-cash financing and investing activities		1,002	727

(d) Financing arrangements

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

Corporate credit cards	150	150
LGFA cash advance debenture facility	13,000	11,000

Council has immediate access to a short-term cash advance debenture facility at variable interest rate borrowings from the Local Government Finance Authority of SA.

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
\$ '000	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions/Activities										
Development Assessment	1,144	1,260	4,871	4,199	(3,727)	(2,939)	—	—	—	—
Crime Prevention	16	1	300	420	(284)	(419)	—	—	—	—
Community Support & Development	6,414	6,130	17,630	15,163	(11,216)	(9,033)	2,701	2,422	225,137	154,501
Public & Environment Health	354	624	1,253	1,458	(899)	(834)	282	481	—	—
Community Safety Inspection	1,263	1,687	2,490	2,552	(1,227)	(865)	—	—	—	—
Public Infrastructure	2,477	3,619	26,110	21,454	(23,633)	(17,835)	2,126	2,971	656,667	636,750
Open Space	678	1,062	17,149	18,910	(16,471)	(17,848)	210	241	397,945	301,749
Public Conveniences	9	1	813	798	(804)	(797)	—	—	4,353	4,729
Strategic Projects	93	77	2,058	1,489	(1,965)	(1,412)	20	18	19	25
Asset Management	—	—	—	—	—	—	—	—	18,633	16,227
Neighbourhood Centres	405	395	2,894	1,989	(2,489)	(1,594)	137	285	9,520	7,902
Cultural Development	270	286	3,996	4,227	(3,726)	(3,941)	35	44	20,059	19,047
Libraries	468	464	9,799	8,638	(9,331)	(8,174)	318	317	15,702	15,081
Waste & Recycling	101	89	10,703	10,701	(10,602)	(10,612)	—	—	—	—
Trees	33	81	3,724	3,266	(3,691)	(3,185)	4	54	—	—
Economic Development	111	99	1,244	1,074	(1,133)	(975)	53	—	—	—
Governance	—	—	1,366	2,184	(1,366)	(2,184)	—	—	—	—
Service Quality	8	1	189	242	(181)	(241)	—	—	3,090	587
Treasury	91,805	88,110	7,286	6,181	84,519	81,929	118	3,066	30,164	45,051
Total Functions/Activities	105,649	103,986	113,875	104,945	(8,226)	(959)	6,004	9,899	1,381,289	1,201,649

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

City of Marion

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

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

DEVELOPMENT ASSESSMENT

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

CRIME PREVENTION

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

COMMUNITY SUPPORT & DEVELOPMENT

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

PUBLIC & ENVIRONMENTAL HEALTH

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

COMMUNITY SAFETY INSPECTION

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

PUBLIC INFRASTRUCTURE

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

OPEN SPACE

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

PUBLIC CONVENIENCES

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

STRATEGIC PROJECTS

Delivery of Major Projects across the city aimed at providing improved services and facilities for the Community

ASSET MANAGEMENT

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

NEIGHBOURHOOD CENTRES

Providing opportunities for learning and social activities for all ages and interests

CULTURAL DEVELOPMENT

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kurna Cultural Centre providing cultural and artistic experiences for the community

LIBRARIES

Three libraries and a delivery service providing opportunities for learning and social activities for all ages and interests

WASTE & RECYCLING

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

TREES

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

continued on next page ...

Page 30 of 47

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 12(b). Components of functions (continued)

ECONOMIC DEVELOPMENT

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

ORGANISATION OF EXCELLENCE

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

Governance

Elected Member Support

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections and council receptions.

Strategic, corporate and sustainability planning and policy development

To ensure that Council is progressing towards achieving the Community Vision 2040 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Commonwealth Government partners

Risk management policy, development and internal audit

Activities to ensure that Council is continuously improving its management systems

External relations, communication and community engagement

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council.

Service Quality

Customer Experience

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region.

Information Technology

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

Information Management

Enables Council to keep adequate and appropriate records of activities and decisions

TREASURY

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

Governance

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

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 4.86% and 5.05% (2023: 4.05% and 4.90%). Short term deposits have an average maturity of 157.3 days and a weighted average interest rate of 5.0% (2023: 105.3 days and 4.60%).

continued on next page ...

Page 31 of 47

City of Marion

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

Note 13. Financial instruments (continued)

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 9.05% (2023: 5.80%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

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

Terms and 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 and 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.

City of Marion

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

Note 13. Financial instruments (continued)

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 and 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 over 15 years; interest is charged at a fixed rate of 6.25% (2023: 5.8% and 6.25%).

Carrying Amount:

Approximates fair value.

Liabilities - leases**Accounting policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2024					
Financial assets					
Cash and cash equivalents	11,961	—	—	11,961	11,961
Receivables	5,798	—	—	5,798	5,798
Other financial assets	1,800	—	—	1,800	1,800
Total financial assets	19,559	—	—	19,559	19,559
Financial liabilities					
Payables	9,777	—	—	9,777	9,777
Borrowings	415	—	—	415	415
Non-current borrowings	—	1,659	—	1,659	1,659
Total financial liabilities	10,192	1,659	—	11,851	11,851
Total financial assets and liabilities	29,751	1,659	—	31,410	31,410

2023**Financial assets**

Cash and cash equivalents	26,631	—	—	26,631	26,631
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Page 33 of 47

City of Marion

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

Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Receivables	5,768	–	–	5,768	5,768
Other financial assets	3,000	–	–	3,000	3,000
Total financial assets	35,399	–	–	35,399	35,399
Financial liabilities					
Payables	5,816	–	–	5,816	5,816
Borrowings	1,081	–	–	1,081	929
Non-current borrowings	–	1,659	415	2,074	1,758
Total financial liabilities	6,897	1,659	415	8,971	8,503
Total financial assets and liabilities	42,296	1,659	415	44,370	43,902

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

\$ '000	2024		2023	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	6.25%	1,758	6.23%	2,687
		1,758		2,687

Net fair value

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

Risk exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 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 14. Capital expenditure and investment property commitments

\$ '000	2024	2023
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Page 34 of 47

City of Marion

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

Note 14. Capital expenditure and investment property commitments (continued)

\$ '000	2024	2023
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	10,320	9,940
Infrastructure	6,092	7,116
Plant and equipment	1,175	1,557
Other	2,283	3,388
	19,870	22,001
These expenditures are payable:		
Not later than one year	19,870	22,001
	19,870	22,001

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City of Marion

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

Note 15. Financial indicators

	Indicator 2024	Indicators 2023	Indicators 2022
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating surplus			
Total operating income	(7.0)%	(0.3)%	0.5%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	6%	(9)%	(11)%
<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 Commonwealth 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			
Total operating income	(3.6)%	(2.1)%	(0.9)%
Adjusted Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	6%	(5)%	(8)%
3. Asset Renewal Funding Ratio			
Asset renewals			
Targeted Renewal Expenditure	91%	82%	78%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

City of Marion

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

Note 16. Uniform presentation of finances

\$ '000	2024	2023
<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>		
<u>Income</u>		
Rates	89,976	84,330
Statutory charges	2,400	2,542
User charges	4,164	3,995
Grants, subsidies and contributions - operating	6,004	9,899
Investment income	1,246	1,157
Reimbursements	741	792
Other income	1,118	1,271
Net gain - equity accounted council businesses	770	645
Total Income	106,419	104,631
<u>Expenses</u>		
Employee costs	45,567	42,378
Materials, contracts and other expenses	46,564	44,629
Depreciation, amortisation and impairment	21,594	17,732
Finance costs	150	206
Total Expenses	113,875	104,945
Operating surplus / (deficit)	(7,456)	(314)
Net timing adjustment for general purpose grant funding	3,487	(1,829)
Adjusted Operating surplus / (deficit)	(3,969)	(2,143)
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(13,731)	(9,684)
Add back depreciation, amortisation and impairment	21,594	17,732
Add back proceeds from sale of replaced assets	251	1,082
	8,114	9,130
Net outlays on new and upgraded assets		
Capital Expenditure on New and Upgraded Assets	(24,841)	(21,024)
Add back amounts received specifically for new and upgraded assets	6,301	15,116
add back Proceeds from Sale of Surplus Assets	828	2,415
	(17,712)	(3,493)
Annual net impact to financing activities (surplus/(deficit))	(13,567)	3,494

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

continued on next page ...

Page 37 of 47

City of Marion

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

Note 17. Leases (continued)

Computer and Office Equipment

Council has entered into non-cancellable operating leases for various items of computer and office equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

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City of Marion

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

Note 17. Leases (continued)

(a) Right of use assets

\$ '000	Right-of-use assets	Total
2024		
Opening balance	6	6
Adjustments to right-of-use assets due to re-measurement of lease liability	—	—
Depreciation charge	(6)	(6)
Impairment of right-of-use assets	—	—
Reclassification to Software as a Service	—	—
Balance at 30 June	—	—
2023		
Opening balance	8	8
Adjustments to right-of-use assets due to re-measurement of lease liability	10	10
Depreciation charge	(12)	(12)
Impairment of right-of-use assets	—	—
Reclassification to Software as a Service	—	—
Balance at 30 June	6	6

(b) Lease liabilities

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

\$ '000	2024	2023
Balance at 1 July	9	10
Accretion of interest	1	3
Payments	(7)	(16)
Re-measurement of Lease liability	(3)	12
Balance at 30 June	—	9
Classified as:		
Current	—	9

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

Council had total cash outflows for leases of \$129,416
The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	6	12
Interest expense on lease liabilities	1	3
Expense relating to leases of low-value assets	87	90
Other	35	33
Total amount recognised in profit or loss	129	138

City of Marion

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

Note 18. Superannuation

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

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.00% in 2023/24; 10.50% in 2022/23). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2022/23) of "superannuation" salary.

In addition, Council makes a separate contribution of 4.7% 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 119.32(b), 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 Willie Towers Watson as at 30 June 2022. 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 Marion

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

Note 19. Interests in other entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2024	2023	2024	2023
Council's share of net income				
Joint ventures	770	645	9,271	8,501
Total Council's share of net income	770	645	9,271	8,501

((a)i) Joint ventures, associates and joint operations

(a) Carrying amounts

\$ '000	Principal Activity	2024	2023
Southern Region Waste Resource Authority (SRWRA)	Waste and Recycling	9,271	8,501
Total carrying amounts - joint ventures and associates		9,271	8,501

Southern Region Waste Resource Authority (SRWRA)

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2024, the net assets of SRWRA total \$30,902,000. The City of Marion interest, totalling \$9,271,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

(b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2024	2023	2024	2023	2024	2023
Southern Region Waste Resource Authority (SRWRA)	30.00%	30.00%	30.00%	30.00%	33.00%	33.00%

continued on next page ...

Page 41 of 47

City of Marion

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

Note 19. Interests in other entities (continued)

(c) Movement in investment in joint venture or associate

\$ '000	Southern Region Waste Resource Authority (SRWRA)	
	2024	2023
Opening Balance	8,501	7,855
Share in Operating Result	770	646
Council's equity share in the joint venture or associate	9,271	8,501

(d) Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Note 20. Non-current assets held for sale and discontinued operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. 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.

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. Bank guarantees

Council currently has no guaranteed loans or other banking facilities advanced to community organisations and sporting bodies at reporting date.

4. Legal expenses

Council is the planning consent authority for its area under the Planning, Development and Infrastructure Act 2016 (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 had notice of 0 appeals against planning

continued on next page ...

Page 42 of 47

City of Marion

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

Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. Legal Matter

Proceedings have been filed in the Supreme Court against 61 Councils in South Australia, including City of Marion. The claim alleges unpaid consultancy fees. A joint defence is being coordinated by the Local Government Association of SA as agent for the Councils. The amount claimed has not been recognised on the basis that an outflow of economic resources to settle it is not viewed as probable at this stage.

Note 22. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2024, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. 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, 17 persons were paid the following total compensation:

\$ '000	2024	2023
The compensation paid to key management personnel comprises:		
Salaries, Allowances & Other Short-Term Employee Benefits	1,438	1,407
Post-employment benefits	104	98
Total	1,542	1,505

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from key management personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no receipts from Key Management Personnel.

City of Marion

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements

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City of Marion

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Internal Controls

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City of Marion

General Purpose Financial Statements

for the year ended 30 June 2024

Certification of Auditor Independence

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

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

Tony Harrison
CHIEF EXECUTIVE OFFICER

Emma Hinchey
PRESIDING MEMBER
FINANCE RISK AND AUDIT COMMITTEE

Date:

City of Marion

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Marion for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Tim Muhlhausler

Galpins Accountants, Auditors & Business Consultants

Date:

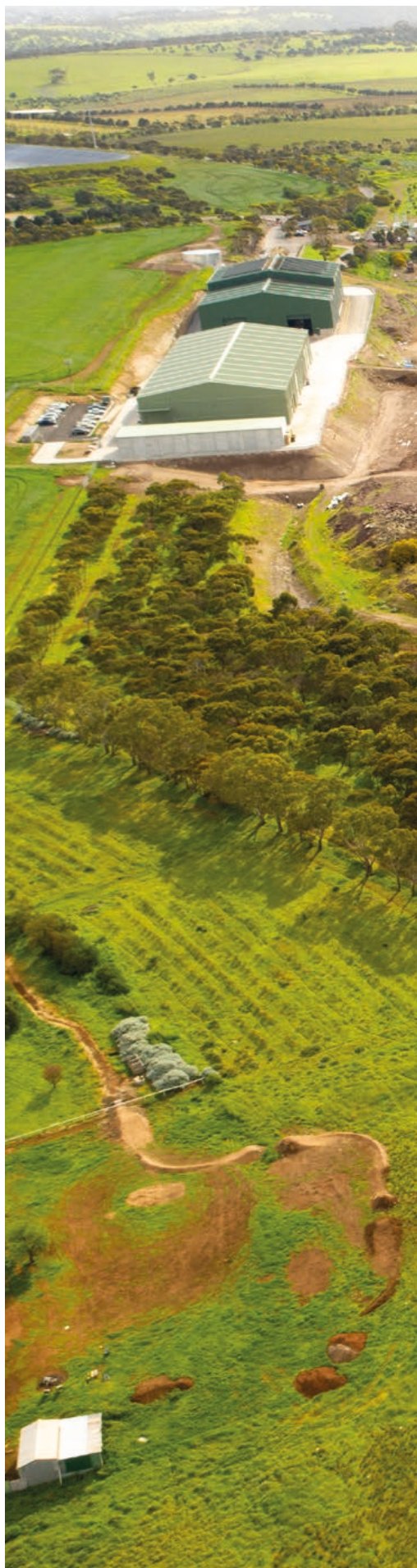
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SRWRA
Southern Region Waste Resource Authority

ANNUAL
REPORT

2023 to 2024



SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our Constituent Councils.

Our core business activity is the management of our recycling facilities and landfill. We partner with industry experts and pride ourselves in employing innovative resource recovery approaches to support the circular economy.

We are one of the State's major landfill operations currently receiving over 150,000 tonnes of waste annually with approximately 90,000 tonnes going to landfill.

Our joint venture operation with Integrated Waste Services (IWS) has continued to develop through the jointly owned Southern Recycling Centre (SRC) which is realising a significant reduction of waste to landfill and continues to work towards the targets set out in the Australian Government National Waste Policy Action Plan.

Our joint venture operation with Re.Cycle (Adelaide), a subsidiary of Re.Group, continues to prosper through the jointly owned Southern Materials Recovery Facility (SMRF). The SMRF, which is the largest in South Australia, is a state-of-the-art facility that provides processing of kerbside commingled recycling and produces the highest product purity levels in Australia.

SRWRA CONSTITUENT
COUNCILS



**JOINT VENTURE
PARTNERS**





CONTENTS

CHAIRPERSON'S MESSAGE	4
CHIEF EXECUTIVE OFFICER'S MESSAGE	6
BOARD OF MANAGEMENT	8
FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024	9
AUDIT COMMITTEE AUDITOR INDEPENDENCE	36
AUDITOR INDEPENDENCE DECLARATION	37
INDEPENDENT AUDITOR'S REPORT	38
AUDIT REPORT	40
BOARD CHAIR - AUDITOR INDEPENDENCE	42
COUNCIL CERTIFICATES OF COMPLIANCE	43
CITY OF ONKAPARINGA	43
CITY OF MARION	44
CITY OF HOLDFAST BAY	45
ATTENDANCE AT BOARD MEETINGS	46
ATTENDANCE AT AUDIT & RISK COMMITTEE MEETINGS	47
PERFORMANCE AGAINST BUSINESS PLAN	48
WORK HEALTH AND SAFETY	50
PROCUREMENT	51



CHAIRPERSON'S MESSAGE

On behalf of the Board I am pleased to present the Annual Report for the year ended 30 June 2024.

Waste management in Australia faces several significant challenges, driven by environmental concerns, economic factors, and social issues. At SRWRA we are conscious of these and are playing our part in attempting to address them.

This is occurring through the continued evolution of our integrated waste management precinct which now consistently diverts away from landfill more than 50 per cent of the municipal waste stream we receive, processes more than 40,000 tonnes of household kerbside recyclables at one of Australia's most advanced material recycling facilities, and produces enough green energy from landfill gas and a solar array, constructed on a capped landfill cell, to power more than 3,000 homes.

Our underpinning philosophy is to treat waste as a resource and seek the highest and best use in an environmentally and financially responsible manner.

Our approach is to work with industry experts in their respective fields, through joint ventures or partnering arrangements, to leverage opportunities as they arise. Our success is founded on these relationships and they remain at the very core of what we do.

Our joint venture with IWS saw us divert more than 36,500 tonnes of municipal waste away from landfill to a more productive use. Our joint venture with Re.Group resulted in the recovery of valuable commodities such as steel, aluminium, cardboard, mixed paper, glass, and various plastics, and through our arrangements with LMS Energy green power continues to be exported to the electricity grid.

While the Authority continues to fulfill the objects and purposes for which it was established, providing and operating waste management services on behalf of our constituent councils, we are conscious that more needs to be done.



At SRWRA we are addressing this by increasingly taking responsibility for the waste streams produced by our constituent councils, this includes finalising plans to process green waste and turn it into a valuable commodity. We are also exploring our options to further reduce our environmental impact by increasing the generation and use of renewable energy on site, and we are progressing our commitment to recycling by investing in education. Our investment in education aims to increase the level of community understanding on proper waste disposal and recycling practices in order to increase participation levels in waste reduction initiatives. Contamination, such as incorrect items placed in kerbside recycling bins, reduces the effectiveness of recycling programs and increases the cost of providing the service.

SRWRA has continued to invest in sustainable waste management facilities and to operate in a financially responsible manner. Over the past year we have recorded an Operating Surplus of \$2.566 million while continuing to provide for our future post closure obligations.

In closing I wish to extend my thanks and appreciation to those who have contributed to our success, to our constituent councils for their continued support, to the Board for their vision in ensuring SRWRA continues to provide a comprehensive waste management solution for Southern Adelaide, to the Audit & Risk Committee for their oversight and guidance, and of course to our CEO Chris Adams and his dedicated team.

Mark Booth
CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S MESSAGE

SRWRA operates a world class integrated waste and recycling facility at Seaford Heights that includes South Australia's largest and most technically advanced Materials Recovery Facility.

The Southern Materials Recovery Facility (SMRF) has been recognised with the Society of Chemical Industry's 2023 Plant of the Year Award. The award is only given if an entry of 'sufficient quality' is submitted, resulting in the SMRF's win being the first in several years. This ongoing recognition of the facility is a reflection of the vision and commitment of our Constituent Councils, SRWRA Board and Joint Venture Partner Re.Group.

SRWRA's integrated site provides processing facilities for both the kerbside waste and recycling bins, a landfill, green energy precinct and a recycled water storage dam that supports McLaren Vale. The integration of our site is unique in Australia and ensures we are leaders in delivering innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities.

The Southern Recycling Centre, a Joint Venture with Integrated Waste Services, plays a significant role in the diversion of organic waste from landfill. Organic waste placed in landfill produces methane, a powerful greenhouse gas. SRWRA's strategy for the removal of methane includes diversion of organics before they enter landfill, and the capture and combustion of methane via the onsite 3MW biogas plant, feeding electricity into the grid in the process.

The risk of fire in our facilities is increasing due to the disposal of combustible materials, such as batteries and marine flares, in the kerbside waste and recycling bins. The greatest threat comes from lithium batteries, due to the intense heat and flame they produce when damaged. Combustible materials should not be placed in kerbside bins and should be disposed of correctly at designated collection points. SRWRA is responding to this risk by increasing communications to its customers on appropriate disposal pathways and augmenting fire response strategies and infrastructure.



The Authority has continued to provide a cost-effective waste management solution for southern Adelaide communities and is in a strong financial position, with an Operating Surplus of \$2.566M and Net Assets of \$30.9M. This strong financial performance supports the provision of \$13.718M for future capping and post closure liabilities. The review and update of the future capping and post closure liabilities will be completed in the 2024/2025 financial year.

Over the last 12 months, the Authority focussed its education efforts on a 'digital 'first' approach that included the launch of a new contemporary website that will, over time, host a range of education resources that can be used by our southern Adelaide communities and customers.

The commitment and 'can do' attitude of the SRWRA staff has ensured the site continues to operate for the benefit of our southern Adelaide communities. I congratulate our team on their strong contribution and express my sincere appreciation of their efforts.

The time commitment required of the Board is increasing as SRWRA increases in complexity. I would like to recognise the contribution of the Board, capably led by Mark Booth as the Independent Chairperson, and the Audit & Risk Committee in SRWRA's ongoing success.

I look forward to the next 12 months as we continue to deliver innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

Chris Adams
CHIEF EXECUTIVE OFFICER

BOARD OF MANAGEMENT

AS AT JUNE 30TH 2024



CHAIRPERSON
Mark Booth

MEMBERS



CITY OF ONKAPARINGA
Kirk Richardson



CITY OF ONKAPARINGA
Jordan Pritchard



CITY OF MARION
Ray Barnwell



CITY OF MARION
Angela Allison



CITY OF HOLDFAST BAY
Roberto Bria



CITY OF HOLDFAST BAY
John Smedley

DEPUTY MEMBERS



CITY OF ONKAPARINGA
Heidi Greaves



CITY OF ONKAPARINGA
Jessica Tucker



CITY OF MARION
Ian Crossland



CITY OF HOLDFAST BAY
Monique O'Donohue



CITY OF HOLDFAST BAY
Pamela Jackson

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024



SOUTHERN REGION WASTE RESOURCE AUTHORITY

**General Purpose Financial Report
for the financial year ended 30 June 2024**

Contents

	Page Number
Certification of Financial Statements	1
 Primary Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to the Financial Statements	6
 CEO Statement	
Audit Report	
Council Certificates of Audit Independence	
Audit Certificate of Audit Independence	

SOUTHERN REGION WASTE RESOURCE AUTHORITY**Annual Financial Statements
for the financial year ended 30 June 2024**

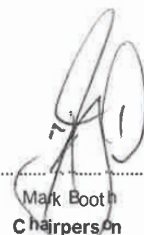
Certification of Financial Statements

I have been authorised by Southern Region Waste Resource Authority 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 Authority's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Chris Adams
Chief Executive Officer



Mark Booth
Chairperson

Date: 23 September 2024

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Comprehensive Income for the financial year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Income			
User charges	2	16,474	15,283
Investment income	2	921	891
Other	2	324	399
Net gain - equity accounted Joint Venture	13	1,482	1,717
Total Income		19,201	18,290
Expenses			
Employee costs	3	1,199	1,151
Finance costs		-	-
Materials, contracts & other expenses	3	14,170	13,591
Depreciation, amortisation & impairment	3	1,266	1,397
Total Expenses		16,635	16,139
Operating Surplus		2,566	2,151
Asset disposal & fair value adjustments	3	-	-
Amounts received specifically for new/upgraded assets		-	-
Net Surplus		2,566	2,151
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		2,566	2,151

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Financial Position
as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	12,311	7,816
Trade & other receivables	4	2,804	3,759
Inventory		23	-
Loan - Related Party	11,13	-	400
Total Current Assets		15,138	11,975
Non-current Assets			
Equity accounted joint venture	13	9,440	9,508
Property, plant & equipment	5	23,905	24,868
Total Non-current Assets		33,345	34,376
Total Assets		48,483	46,351
Liabilities			
Current Liabilities			
Trade & other payables	6	3,716	4,153
Provisions	6	116	137
Total Current Liabilities		3,832	4,290
Non-Current Liabilities			
Provisions	6	13,749	13,725
Total Non-current Liabilities		13,749	13,725
Total Liabilities		17,581	18,015
Net Assets		30,902	28,336
Equity			
Accumulated surplus		28,527	25,961
Asset revaluation reserve		2,375	2,375
Total Equity		30,902	28,336

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Changes in Equity
for the financial year ended 30 June 2024

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at start of period - 1 July 2022	23,810	2,375	26,185
Net Surplus/ (Deficit) for Year	2,151	-	2,151
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-	-	-
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period - 30 June 2023	25,961	2,375	28,336
Balance at start of period - 1 July 2023	25,961	2,375	28,336
Net Surplus/ (Deficit) for Year	2,566	-	2,566
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-	-	-
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period - 30 June 2024	28,527	2,375	30,902

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Cash Flows
for the financial year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Cash Flows from Operating Activities			
Operating receipts from customers		17,753	14,424
Investment receipts		921	891
Operating payments to suppliers & employees		(15,826)	(13,772)
Finance payments		-	-
Net Cash provided by (or used in) Operating Activities	7	2,848	1,543
Cash Flows from Investing Activities			
Amounts specifically for new or upgraded assets		-	-
Sale of replaced assets	3	-	-
Distributions from equity accounted Joint Ventures	13	1,550	1,750
Contributions to equity accounted Joint Ventures	13	-	(733)
Expenditure on renewal/replacement of assets	5	(303)	(310)
Expenditure on new/upgraded assets	5	-	(262)
Net Cash provided by (or used in) Investing Activities		1,247	445
Cash Flows from Financing Activities			
Repayment Related Party Loans		400	-
Payment of Related Party Loans		-	-
Net Cash provided by (or used in) Financing Activities		400	-
Net Increase (Decrease) in cash held		4,495	1,988
Cash & cash equivalents at beginning of period	4	7,816	5,828
Cash & cash equivalents at end of period	4	12,311	7,816

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the year ended 30 June 2024

Note 1 – Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general-purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

Each Constituent Council hold the following equitable interest in the Authority:

- City of Onkaparinga	55%
- City of Marion	30%
- City of Holdfast Bay	15%

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

4 Cash, Cash Equivalents and other Financial Instruments

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the year ended 30 June 2024

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

5 Infrastructure, Property, Plant & Equipment

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".

5.1 Initial Recognition

All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

Capitalisation threshold applied of \$1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class are shown below. Depreciation of Landfill Construction and Future Capping, Rehabilitation and Restoration costs are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, 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 estimated.

Plant, Furniture & Equipment	3 - 10 years
Buildings	30 -50 years
Waste Facility	10 - 15 years
Landfill construction	Amortised proportionately to rate of filling
Future capping costs	Amortised proportionately to rate of filling
Future rehabilitation and restoration costs	Amortised proportionately to rate of filling

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the year ended 30 June 2024

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 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.

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super). The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation 11% in 2023/24 (10.5% in 2022/23).

No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021.

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 the Authority's contribution rates at some future time.

The Authority 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 new assets of the scheme, and no further liability attaches to the Authority.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2024

8 Provisions for Landfill Capping, Rehabilitation and Restoration Costs

The Authority's provision for landfill capping, post closure rehabilitation costs and restoration costs are calculated based on the net present value of the future cash outflows expected to be incurred to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill site.

The measurement of the provisions requires significant estimates and assumptions such as discount rate, inflation rate, assessment of the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activities required and the area of the landfill to be remediated, which is determined by volumetric aerial surveys.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. Expenditure relating to ongoing rehabilitation and restoration will reduce any provision previously established. The Authority monitors the remaining airspace, the airspace consumption efficiency (compaction) ratio, the discount rate and the inflation rate used to calculate the net present value of the future landfill capping, rehabilitation and restoration costs on an annual basis and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet.

A complete review of all future capping, rehabilitation and restoration costs including a review of all the key assumptions and estimates in relation to the measurement of these costs is performed on a regular basis with the assistance of external consultants to ensure all projected costs have been independently verified and details disclosed below.

The Authority has obtained an independent assessment of the liability estimate for its Closure and Post Closure Remediation Provisions which is based on a number of assumptions (as outlined in Note 14 - Fair Value Measurements) that have not yet been ratified by the Board.

The Authority as of 1 July 2023 has made the decision to retain the existing liability totalling \$13.7 million in the Balance Sheet which is expected to be sufficient to meet its closure and post closure obligations.

The dates of the last review of the key assumptions and estimates in relation to the measurement of the future capping, rehabilitation and restoration costs are shown below:

Costs	Effective Date	Independent Assessor
Capping costs	30 June 2019	Golder Associates
Restoration Costs	30 June 2018	Golder Associates
Post Closure Rehabilitation costs	30 June 2016	Katalyse Pty Ltd

9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax". Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment. Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the year ended 30 June 2024

12 New Accounting Standards

No new accounting standards were applied by the Authority during the financial year. The Authority has not elected to early adopt any new accounting standards, interpretations or amendments which are not yet effective.

13 Valuation of Land and Building Assets

Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on highest and best use. All purchases made post 30 June 2014 have been recorded at cost. Since 1 July 2019, the Authority has undertaken significant building construction works which represent 65% of the recorded "At Cost" balance of assets recorded in Note 5 as at 30 June 2024.

Land assets held by the Authority were valued by AssetVal with an effective valuation date of 30 June 2022 applied for financial reporting purposes. Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market approach by way of Direct Comparison or Income methods were utilised.

Some parcels of land are subject to restrictions as to use and sale and the value of these land assets has been determined after considering suitable market evidence and making necessary adjustment to account for these restrictions.

14 Valuation of Landfill Assets

Landfill assets comprise the acquisition of landfills, cell development costs, landfill improvements costs and the assets related to future landfill capping, rehabilitation and restoration costs.

Assets related to future landfill capping, rehabilitation and restoration costs are valued based on the net present value of the future cash outflows expected to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill asset. The assumptions used to estimate these costs and details of their regular review are described in item 8 – Provision for Landfill Capping, Rehabilitation and Restoration Costs.

All landfill assets are amortised proportionately to the rate of filling as described in Note 1.5.3 Depreciation of Non-Current Assets.

15 Equity Accounted Joint Ventures

The Authority accounts for its interest in Joint Ventures applying the equity method per AASB 128. The value of investments held in Joint Venture entities are held at cost.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

	2024 \$'000	2023 \$'000
Note 2 - Income		
User Charges		
Landfill Operations	16,474	15,283
	<u>16,474</u>	<u>15,283</u>
Investment Income		
Interest on investments	348	148
Rental income	573	743
	<u>921</u>	<u>891</u>
Other Income		
Other income	324	399
	<u>324</u>	<u>399</u>
Note 3 - Expenses		
Employee Costs		
Salaries and Wages	1,012	981
Employee leave expense	3	3
Superannuation	123	120
Workers' Compensation Insurance	61	47
Less: Capitalised and distributed costs	-	-
	<u>1,199</u>	<u>1,151</u>
Materials, Contracts & Other Expenses		
Auditor's Remuneration	12	19
Board Expenses	42	46
Contractors	612	584
Fuels & oils	204	272
Equipment hire	34	130
Maintenance	417	588
Legal	10	21
Levies - EPA	12,300	11,372
Professional services	51	177
Sundry	488	382
	<u>14,170</u>	<u>13,591</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

Note 3 - Expenses (cont)

	2024 \$'000	2023 \$'000
Depreciation, Amortisation & Impairment		
Buildings & Structures	369	357
Plant & Equipment	302	292
Office Equipment	6	15
Super Cell	301	375
Super Cell Capping	259	316
Post Closure Rehabilitation	29	36
Future Restoration Costs	-	6
	<u>1,266</u>	<u>1,397</u>
Asset Disposals		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
Note 4 - Current Assets		
Cash & Cash Equivalents		
Cash on Hand and at Bank	2,046	2,181
Short-term deposits	10,265	5,635
	<u>12,311</u>	<u>7,816</u>
Trade & Other Receivables		
Debtors - general	2,576	3,575
Accrued Revenues	115	107
Prepayments	66	32
Sundry Debtors	47	45
	<u>2,804</u>	<u>3,759</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

Note 5 - Property, Plant & Equipment

	2023 \$'000				2024 \$'000			
	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount
Land	6,335	-	-	6,335	6,335	-	-	6,335
Buildings & Structures	560	11,875	(1,622)	10,813	560	11,875	(1,992)	10,443
Plant & Equipment	-	5,138	(3,242)	1,896	-	5,273	(3,542)	1,731
Office Equipment	-	143	(132)	11	-	154	(141)	13
Super Cell	-	8,988	(6,131)	2,857	-	8,988	(6,432)	2,556
Super Cell Capping	5,426	-	(3,021)	2,405	9,654	-	(7,454)	2,200
Post Closure Rehabilitation	6,143	-	(5,869)	274	6,143	-	(5,898)	245
Future Restoration Costs	4,228	-	(4,173)	55	-	-	-	-
Work in Progress	-	222	-	222	-	382	-	382
	22,692	26,366	(24,190)	24,868	22,692	26,672	(25,459)	23,905

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2024

14

Note 5 - Property, Plant & Equipment

	2023 \$'000	Movement in Property, Plant & Equipment during the Financial Year						2024 \$'000
	Carrying Value	Renewal / Replacement	Additions New/Upgrade	Disposals	Revaluation	Adjustment / Transfer	Depreciation	Carrying Value
Land	6,335	-	-	-	-	-	-	6,335
Buildings & Structures	10,813	-	-	-	-	(1)	(369)	10,443
Plant & Equipment	1,896	137	-	-	-	-	(302)	1,731
Office Equipment	11	8	-	-	-	-	(6)	13
Super Cell	2,857	-	-	-	-	-	(301)	2,556
Super Cell Capping	2,405	-	-	-	-	54	(259)	2,200
Post Closure Rehabilitation	274	-	-	-	-	-	(29)	245
Future Restoration Costs	55	-	-	-	-	(55)	-	-
Work in Progress	222	160	-	-	-	-	-	382
	24,868	305	-	-	-	(2)	(1,266)	23,905
2023 \$'000	25,693	310	260	-	-	2	(1,397)	24,868

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

Note 6 - Liabilities

	2024 \$'000		2023 \$'000	
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & services	3,699	-	4,137	-
Payments received in advance	17	-	16	-
	3,716	-	4,153	-
Provisions				
Annual Leave	63	-	76	-
Long Service Leave	53	31	61	7
Super Cell Capping	-	9,654	-	7,980
Post Closure Rehabilitation	-	4,064	-	4,064
Future Restoration Costs	-	-	-	1,674
	116	13,749	137	13,725

Reconciliation of Movement in Landfill &
Restoration Provisions

	Super Cell Capping	Post Closure Rehabilitation	Future Restoration Costs	Total
Opening Balance	7,980	4,064	1,674	13,718
Additional Amounts Recognised/ (Derecognised)	1,674	-	(1,674)	-
Payments	-	-	-	-
Unwinding of Present Value Discounts	-	-	-	-
Closing Balance	9,654	4,064	-	13,718

Please refer to Note 1 part 8 for details regarding the valuation of landfill capping, post closure rehabilitation cost and restoration cost provisions. This information is important for the interpretation of these financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2024

Note 7 - Cash Flow Reconciliation

(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:

	2024 \$'000	2023 \$'000
Total cash & equivalent assets	12,311	7,816
Less: Short-term borrowings	-	-
Balances per Cash Flow Statement	<u>12,311</u>	<u>7,816</u>

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

Net Surplus (Deficit)	2,566	2,151
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,266	1,397
Net (Gain) Loss on equity accounted joint ventures	(1,482)	(1,717)
Provision unwinding - finance costs	-	-
	<u>2,350</u>	<u>1,831</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	955	(1,258)
Net (increase) decrease in inventory	(23)	-
Net increase (decrease) in trade & other payables	(437)	950
Net increase (decrease) in other provisions	3	20
Net Cash provided by (or used in) operations	<u>2,848</u>	<u>1,543</u>

(c) Financing Arrangements

Corporate Credit Cards	20	20
Cash Advance Debenture (CAD) Facility*	500	500

*The CAD facility is held with the Local Government Finance Authority (LGFA) and the Authority has no drawdown of funds from the facility as at reporting date.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2024

Note 8 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Accounting Policy: Carried at lower of cost and net realisable value; Interest is Call, Short Term recognised when earned.

Deposits **Terms & conditions:** Deposits on Call do not have a maturity period and have an average interest rates of 4.3% (2023: 4%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Gate Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An Fees & Associated allowance for doubtful debts is recognised (and re-assessed annually) when collection in Charges full is no longer probable.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

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 Authority.

Risk Exposure

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 Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. 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 the Authority'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 the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

Note 8 - Financial Instruments

Liquidity Analysis

	2024	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		12,311	-	-	-	12,311
Receivables		-	-	-	2,804	2,804
Total		12,311	-	-	2,804	15,115
Financial Liabilities						
Payables		-	-	-	3,716	3,716
Borrowings		-	-	-	-	-
Total		-	-	-	3,716	3,716

	2023	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		7,816	-	-	-	7,816
Receivables		-	-	-	3,759	3,759
Total		7,816	-	-	3,759	11,575
Financial Liabilities						
Payables		-	-	-	4,153	4,153
Borrowings		-	-	-	-	-
Total		-	-	-	4,153	4,153

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2024

Note 9 - Commitments for Expenditure

	2024 \$'000	2023 \$'000
Capital Commitments		

The Authority had no committed capital expenditure commitments as at reporting date to disclose.

Note 10 - Events Occurring After Reporting Date

There were no events that occurred after reporting date that requires to be disclosed.

Note 11 - Disclosure of Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. In all, 6 persons were paid the following total compensation:

Salaries, allowances & other short term benefits	454	499
Total	454	499

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Onkaparinga (Member Council)	8,562	281	Provision of waste disposal services
City of Holdfast Bay (Member Council)	1,365	74	Provision of waste disposal services
City of Marion (Member Council)	3,793	284	Provision of waste disposal services
Southern Materials Recycling Facility (Joint Venture)	2,721	282	Provision of waste disposal services
Southern Recycling Centre (Joint venture)	7,833	453	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 4. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2024

Note 12 - Uniform Presentation of Finances

	2024 \$'000	2023 \$'000
Income		
<i>User charges</i>	16,474	15,283
<i>Investment income</i>	921	891
<i>Other</i>	324	399
<i>Net gain - equity accounted Joint Venture</i>	1,482	1,717
	19,201	18,290
Expenses		
<i>Employee costs</i>	1,199	1,151
<i>Finance costs</i>	-	-
<i>Materials, contracts & other expenses</i>	14,170	13,591
<i>Depreciation, amortisation & impairment</i>	1,266	1,397
	(16,635)	(16,139)
Operating Surplus / (Deficit)	2,566	2,151
Net Outlays on Existing Assets		
<i>Capital Expenditure on renewal and replacement of Existing Assets</i>	(303)	(310)
<i>Depreciation, Amortisation, Impairment and Movement in Landfill Provisions</i>	1,266	1,397
<i>Proceeds from Sale of Replaced Assets</i>	-	-
	963	1,087
Net Outlays on New and Upgraded Assets		
<i>Capital Expenditure on New and Upgraded Assets</i>	-	(262)
<i>Amounts received specifically for New and Upgraded Assets</i>	-	-
<i>Proceeds from Sale of Surplus Assets</i>	-	-
	-	(262)
Net Lending / (Borrowing) for Financial Year	3,529	2,976

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2024

Note 13 - Equity Accounting Joint Ventures

Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services to operate the Southern Recycling Centre located on the Authority's landfill site.

	2024 \$'000	2023 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	49.99%	49.99%
- the proportion of voting power	50.00%	50.00%
<u>Movement in Investment in Joint Operation:</u>		
Opening Balance	1,410	1,620
New Capital Contributions	-	-
Share in Operating Result	1,507	1,540
Equity Adjustment	-	-
Distributions Received	(1,550)	(1,750)
Share in Equity of Joint Operation	1,367	1,410

Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the financial statements for the financial year ended 30 June 2024

Note 13 (cont.) - Equity Accounting Joint Ventures

Southern Materials Recycling Facility (SMRF)

The Authority has entered into a joint venture arrangement with Re.Cycle (Adelaide) Pty Ltd to operate the Southern Material Recovery Facility located on the Authority's landfill site.

	2024 \$'000	2023 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	50.00%	50.00%
- the proportion of voting power	50.00%	50.00%
Movement in Investment in Joint Operation:		
Opening Balance	8,098	7,188
Capital Contributions (cash contribution)	-	733
Capital Contributions (transfer of plant assets)	-	-
Capital Contribution (conversion to loan)	-	-
Share in Operating Result	(25)	177
Share in Equity of Joint Operation	8,073	8,098

The Authority applies AASB 1058 when recognising income from Grants in line with the applicable treatment applied by not-for-profit entities. The Joint Venture recognises grant income on a different basis which has resulted in an inconsistent application of accounting policy between the entities on the timing of recognising income from grant revenues. As a result of this different application in accounting standards and policy on grant revenue recognition, this has resulted in an adjustment to the Share in Operating Result of \$0.154 million (decrease) (FY23: \$0.495 million increase) in the current financial year.

Expenditure Commitments

There are no capital construction commitments as at reporting date to disclose.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

Note 14 - Fair Value Measurements

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets.

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access the asset or liability, either directly or indirectly.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for or liability.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

SOUTHERN REGION WASTE RESOURCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2024					
Recurring fair value measurements					
Property, Plant & Equipment and Landfill Assets					
- Land	5	-	6,335	-	6,335
- Buildings	5	-	560	-	560
- Super Cell Capping	5	-	-	9,654	9,654
- Post Closure Rehabilitation	5	-	-	6,143	6,143
Total financial assets recognised at fair value		-	6,895	15,797	22,692
2023					
Recurring fair value measurements					
Property, Plant & Equipment and Landfill Assets					
- Land	5	-	6,335	-	6,335
- Buildings	5	-	560	-	560
- Super Cell Capping	5	-	-	5,426	5,426
- Post Closure Rehabilitation	5	-	-	6,143	6,143
- Future Restoration Costs	5	-	-	4,228	4,228
Total financial assets recognised at fair value		-	6,895	15,797	22,692

(b) Disclosed fair value measurements

The following tables provide the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	3	Cost Approach	Landfill assets unobservable inputs. The measure of these costs requires significant estimates and assumptions such as: discount rate, inflation rate, assessment of EPA requirements, the timing, extent and costs of the required activities and the estimated remaining airspace of the landfill.
There has been no change in the valuation technique(s) used to determine the value of parcels of land where there are restrictions as to use and sale of these assets.	3	Market Value	Land assets unobservable inputs. Some parcels of land are subject to restrictions as to use and sale and the value of these land assets has been determined after considering suitable market evidence and making necessary adjustments to account for these restrictions. These adjustments are usually unobservable inputs that are likely to have a significant effect on valuation.



Southern Region Waste Resource Authority

Audit & Risk Committee – Auditor Independence

Presiding Member Certification

I, David Powell, the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority Audit & Risk Committee, for the financial year ending, 30 June 2024, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside the scope of the audit functions under the Local Government Act 1999.

David Powell
Presiding Member
Southern Region Waste Resource Authority
Audit & Risk Committee

7 August 2024
Dated

Galpins

Accountants, Auditors
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Galpins Trading Pty Ltd

SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of the Southern Region Waste Resource Authority for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Region Waste Resource Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of SRWRA (the Authority), which comprises the statements of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Executive Officer and the Chairman.

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

Basis for Opinion

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

Emphasis of Matter – Postponed revaluation of landfill capping and post closure liabilities

Without modifying our opinion, we draw attention to Note 1 part 8 of the financial report, which describes the postponed adoption of the revaluation of landfill capping and post closure liabilities. The Authority has made the decision to retain the existing liabilities totalling \$13.7 million in the balance sheet. The Authority expects these liabilities to be sufficient to meet its closure and post closure obligations. These circumstances impact the reliability of the reported provision balances and related amounts in the statement of comprehensive income. Our opinion is not modified in respect of this matter.

Responsibility for the Financial Report

The Authority 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 Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Authority's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2024

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Galpins Trading Pty Ltd

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

To the members of the Southern Region Waste Resource Authority

Opinion

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

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

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Authority's Responsibility for Internal Control

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitations of Use

This report has been prepared for the members of the Authority in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2024



Southern Region Waste Resource Authority

Board Chairperson – Auditor Independence

I, Mark Booth, the person occupying the position of Chairperson of the Southern Region Waste Resource Authority Board, for the financial year ending, 30 June 2024, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside the scope of the audit functions under the Local Government Act 1999.

Mark Booth
Chairperson
Southern Region Waste Resource Authority

Dated 7 August 2024

[



Chief Executive Officer's Certificate of Compliance

Auditor Independence

Southern Region Waste Resource Authority

I, Phu Nguyen, the person occupying the position of Chief Executive Officer of the City of Onkaparinga, for the financial year ending, 30 June 2024, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.

A handwritten signature in dark ink, appearing to be 'Phu Nguyen', written over a horizontal line.

Phu Nguyen
Chief Executive Officer
City of Onkaparinga

Dated 20 August 2024



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E council@marion.sa.gov.au

Chief Executive Officer's Certificate of Compliance

Auditor Independence

Southern Region Waste Resource Authority

I, Tony Harrison, the person occupying the position of Chief Executive Officer of the City of Marion, for the financial year ending, 30 June 2024, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.

Tony Harrison
Chief Executive Officer
City of Marion

06/08/2024

Dated

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people as the traditional and continuing custodians of the land.



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youtube.com/CityofMarion

marion.sa.gov.au



Chief Executive Officer's Certificate of Compliance

Auditor Independence

Southern Region Waste Resource Authority

I, Roberto Bria, the person occupying the position of Chief Executive Officer of the City of Holdfast Bay, for the financial year ending, 30 June 2024, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.



Roberto Bria
Chief Executive Officer
City of Holdfast Bay

7 August 2024
Dated

Brighton Civic CentreContact
24 Jetty Road Phone 08 8229 9999
Brighton SA 5048 mail@holdfast.sa.gov.au

holdfast.sa.gov.au

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRPERSON Mark Booth	7	7
CITY OF ONKAPARINGA Kirk Richardson	7	7
CITY OF ONKAPARINGA Jordan Pritchard	7	7
CITY OF MARION Angela Allison	7	7
CITY OF MARION Ray Barnwell	7	7
CITY OF HOLDFAST BAY Roberto Bria	7	7
CITY OF HOLDFAST BAY John Smedley	7	5
DEPUTY BOARD MEMBERS		
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CITY OF ONKAPARINGA Heidi Greaves	7	0
CITY OF ONKAPARINGA Jessica Tucker	4	2
CITY OF MARION Ian Crossland	7	0
CITY OF HOLDFAST BAY Monique O'Donohue	7	0
CITY OF HOLDFAST BAY Pamela Jackson	7	1

ATTENDANCE AT AUDIT & RISK COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
DAVID POWELL Presiding Member <i>Appointed December 2023</i>	3	3
SAM SPADAVECCHIA <i>Term completed February 2024</i>	2	2
JOSH HUBBARD <i>Appointed August 2023</i>	5	5
TIM O'LOUGHLIN <i>Appointed September 2023</i>	4	3
MARK BOOTH	5	5

PERFORMANCE AGAINST BUSINESS PLAN

Each year SRWRA prepares an Annual Business Plan, detailing its actions and measures, that is submitted to the Constituent Councils.

AIMS, OBJECTIVES AND KEY MEASURES

RESOURCE RECOVERY ACTIONS	STATUS
Grow the customer base for SRWRA and its Joint Venturers	Complete
Implement year 1 of the Communication and Education Strategy	In Progress
Progress the development of the Circular Economy Park	In progress
Investigate options to increase diversion from landfill	Complete
Seek opportunities to source landfill cell construction and capping material from customers	Complete
Maximise the use of recovered resources on site	Complete
OPERATIONAL EXCELLENCE ACTIONS	STATUS
Continuously review and improve workplace safety systems	Complete
Maximise remaining landfill airspace	Complete
Maximise the compatible use of buffer land	In Progress
Continuous improvement of litter capture on site	Complete
Conduct organisational review to ensure SRWRA is positioned to meet our strategic objectives and future business needs such as buffer land development/EcoPark	Complete
GOVERNANCE & RISK ACTIONS	STATUS



AIMS, OBJECTIVES AND KEY MEASURES	
Maintain a contemporary suite of policies	In Progress
Work in accordance with the Risk Management Policy and Framework	Complete
Implement a Records Management System	In Progress
Review and update the Work Emergency & Evacuation Plan	Complete
Board and Committee meetings are delivered as per the agreed timing and schedule	Complete
The Annual Business Plan and Budget is prepared, reviewed, and reported and adopted in accordance with statutory timelines	Complete



WORK HEALTH AND SAFETY

LOST TIME INJURIES

At SRWRA safety is part of our culture, a value considered with each decision made by management and staff. SRWRA is committed to providing a healthy and safe work environment that minimises the risk of injury or illness arising from work activities.

SRWRA recorded one lost time injury (LTI) in 2023-2024 which is an increase over the previous twelve months when no LTI's were recorded.

Annual lost time injuries:

ANNUAL LOST TIME INJURIES		
(Lost time injuries represent one complete shift or more of lost time)		
2021 - 2022	2022 - 2023	2023 - 2024
1	0	1

INJURY MANAGEMENT

SRWRA received one worker compensation claim during 2023-2024. This is an increase in claims lodged this year compared to the previous year, which had zero compensation claims lodged.



PROCUREMENT

SRWRA is committed to a fair, transparent and accountable process when acquiring goods and services, consistent with Section 49 of the Local Government Act 1999.

Each year goods and services are procured to support the delivery of the Annual Business Plan and Budget. The SRWRA Board has adopted the Procurement Policy to govern all procurement activities, excluding the purchase and disposal of land and other assets owned by the Authority.

In certain circumstances, the Authority may, after approval from its Board, waive application of this Policy and pursue a method which will bring the best outcome for the SRWRA. The Authority must record its reasons in writing for waiving application of this Policy.

Annual procurement performance:

ANNUAL PROCUREMENT PERFORMANCE	
NUMBER OF PROCUREMENT EVENTS	NUMBER OF PROCUREMENT POLICY WAIVERS
531	2

Key reasons for the granting of Procurement Policy waivers in the last 12 months include:

- the best value for money outcome for SRWRA
- the limited size of the market and the number of credible suppliers



SRWRA CONSTITUENT
COUNCILS



SRWRA

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Accountants, Auditors & Business Consultants

2023/24 Audit Completion Report

City of Marion



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Table of Contents

EXECUTIVE SUMMARY..... 3

1. Status of Our Audit Work 4

2. Key Audit Matters 5

3. Internal Controls Opinion and Recommendations 10

4. Immaterial Uncorrected Misstatements..... 11

5. Final Management Letter 12

Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report..... 14

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls 16

Appendix 3 – Risk Ratings 18

EXECUTIVE SUMMARY

To the members of the audit committee of City of Marion

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2024. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Key Audit Matters	Section 2
Internal Controls Opinion and Recommendations	Section 3
Immaterial Uncorrected Misstatements	Section 4
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2

We have also signed the statement by auditor regarding our independence, and confirmed that for the audit of the year ended 30 June 2024 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, 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.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor

Date: 28 October 2024

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Note 1
Final financial report after considerations from the audit committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

2.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> components of assets that are replaced at different times in the asset lifecycle costs required to replace these components using current prices for materials, labour, and plant costs indices for measuring subsequent changes in unit rates. <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> reconciled closing balances to the asset registers reconciled the movements in note 7 to the asset register reviewed the basis for valuation used by external valuers assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards reviewed the fair value hierarchy provided in note 7 for each category of asset reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports reviewed the useful lives mentioned above for different components and compared them to other local government entities performed a recalculation of depreciation reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the valuer's report reviewed the unit rates mentioned above and compared them to different local government entities assessed the adequacy of disclosures in the financial report.

2.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> reconciled closing balances to the asset registers reconciled the movements in note 7 to the asset registers reviewed the basis for valuation used by external valuers assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports reviewed the useful lives mentioned above for different components and compared them to other local government entities performed a recalculation of depreciation; and assessed the adequacy of disclosures in the financial report.

2.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> whether Council is incurring capital expenditure on physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as the concept goes beyond the legal ownership; Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116; Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure. 	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; reviewed internal controls in place for capitalisation of assets; selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

2.4 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> tested the appropriateness of journal entries recorded in the general ledger reviewed accounting estimates for biases performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity requested written representation from Management reviewed IT access controls rights processes in place reviewed processes in place to ensure independent reviews of exception reports generated by Council reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

2.5 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> - largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive - reputational risk involved if rates are raised incorrectly. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions / data - subject to error - errors impact individuals financially. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	<ul style="list-style-type: none"> - material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	<ul style="list-style-type: none"> - one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting it may be indicative of poor culture related to financial reporting - payments represent an opportunity for fraud. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.



City of Marion

2.6 Intended Opinion on the Financial Report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by Council presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively	Operating Effectively	Operating Effectively	2024 Findings			
		2024	2023	2022	H	M	L	BP
General Ledger	11	9	8	10	-	1	1	-
Fixed Assets	16	15	14	14	-	1	-	1
Purch & Procurement/Contracting	10	8	9	8	-	1	1	-
Accounts Payable	13	13	13	13	-	-	-	-
Rates / Rates Rebates	10	10	10	10	-	-	-	-
Receipting	5	5	5	5	-	-	-	-
Payroll	19	19	18	18	-	-	-	1
Credit Cards	5	5	5	4	-	-	-	-
Banking	5	5	4	5	-	-	-	-
Debtors	6	6	5	5	-	-	-	-
Total	100	95	91	92	-	3	2	2

Overall the Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* as described in Appendix 3 – Risk Ratings.

An interim audit management letter was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

Council has an action plan in place to address most of the findings related to the controls that were not operating effectively as indicated in Management responses to our interim management letter issued in July 2024.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.



City of Marion

4. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to be reported.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
1. Absence of a breakdown between fair value hierarchies (L2 and L3) for valuation of buildings assets		Low
Finding	<p>Typically, local government entities have two basis of valuation for their building assets:</p> <ul style="list-style-type: none"> - Market value – for buildings where a market value can be reliably determined. This valuation is classified as fair value hierarchy level 2 for financial reporting purposes. - Depreciated Replacement Cost – for buildings where there is no active market due to specialised nature of the assets and the service they provide. This valuation is classified as fair value hierarchy level 3. <p>Council is currently indicating in the table containing all movements for Infrastructure, Property, Plant and Equipment assets disclosed in note 7 that the fair value of all buildings and other structures assets are classified as fair value hierarchy level 3.</p> <p>The revaluation of buildings conducted during the 2022/23 financial year revealed that some buildings were classified as fair value level 2. This is a repeat finding from last year.</p>	
Risk	Absence of appropriate note disclosures increases the risk of the financial report being not appropriately presented.	
Recommendation	<ol style="list-style-type: none"> 1. Review the nature of building assets recorded in Council's asset register 2. Review the buildings revaluation report 3. Identify buildings that are valued at market value and at depreciated replacement cost 4. Calculate the breakdown between fair value hierarchies (L2 and L3) and disclose separately in the table containing movements of Infrastructure, Property, Plant and Equipment in note 7. 	



2. Employees with excessive annual leave balances			Risk												
			Low												
Finding	<p>Audit identified 13 employees with annual leave balances in excess of 300 hours.</p> <p>Whilst there is a need to address these excessive balances, it is positive to note that there has been a reduction in both the number of employees with excessive balances, as well as the average hours owed to these employees, over recent financial years as illustrated in the table below.</p> <table><tr><th></th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td># excessive balances</td><td>20</td><td>15</td><td>13</td></tr><tr><td>Ave. hrs owed</td><td>366</td><td>365</td><td>350</td></tr></table>				2022	2023	2024	# excessive balances	20	15	13	Ave. hrs owed	366	365	350
	2022	2023	2024												
# excessive balances	20	15	13												
Ave. hrs owed	366	365	350												
Risk	<p>Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.</p>														
Recommendation	<p>Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.</p>														

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 3 – Risk Ratings.

Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of City of Marion

Opinion

We have audited the accompanying financial report of City of Marion (the Council), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of City of Marion.

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

Basis for Opinion

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

Council’s Responsibility for the Financial Report

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

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

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



City of Marion

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

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

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:



City of Marion

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of City of Marion

Independent Assurance Report on the Internal Controls of City of Marion

Opinion

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

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

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council’s Responsibility for Internal Controls

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

Our Independence and Quality Control

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



City of Marion

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 3 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

8 Reports for Noting

8.1 Debtors Report

Report Reference	SFRAC241111R8.1
Originating Officer	Team Leader Financial Services – Glinys Watts
Corporate Manager	Chief Financial Officer – Ray Barnwell
General Manager	Acting General Manager Corporate Services – Megan Bradman

REPORT OBJECTIVE

The purpose of this report is to provide the Finance Risk and Audit Committee (FRAC) with an annual update in relation to the outstanding balances in Rates Debtors and Sundry Debtors in line with the year-end accounts.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Note this Report.**

DISCUSSION

Council Debtors

Council has two main types of debtor categories that it manages:

1. Rates Debtors
2. Sundry Debtors

Rates Debtors

Rates Debtors and Sundry Debtors (shown as 'Debtors – General') are included under "Trade and Other Receivables" in the Financial Statements in Note 5(b).

Rates Debtors have increased from a balance of \$2.293m (2.7% of total annual rates) at 30 June 2023 to \$2.725m (3.0% of total annual rates) at 30 June 2024. The increase reflects the climate of cost-of-living pressures on the community. With this in mind council has employed a balanced approach to debt collection. Properties are progressed to debt collection and probable legal process including Section 184 of the *Local Government Act 1999* (the Act) (S184) where warranted. The cumulative effect of rates and associated fines and interest will increase the debt each year. To mitigate this, council actively encourages ratepayers to commence payment plans to address arrears and bring accounts back into line.

The amount of arrears exceeding three years has increased from \$438k (49% of total arrears) to \$555k (49% of total arrears) in 2023-2024. Under Section 184 of the LG Act, councils are permitted to consider legal action to progress the sale of land to recover rates where they have been unpaid for three years or more. Initiating action under S184 will be a priority in the coming months to address properties with arrears over three years, applying it as a final measure only after all other efforts to collect outstanding debts have been exhausted.

While Council's adopted Rating Policy outlines S184 under Section 9, "Sale of Land for Non-Payment of Rates," this approach is employed sparingly. Council has established clear criteria to

assess individual circumstances and determine eligibility for exemption from S184 action, ensuring fair consideration before proceeding with this last-resort option.

Sundry Debtors

The 'Debtors – General' total includes fines (parking, animal, and statutory), receivables from Council's insurers (Workers Compensation and Income Protection), and amounts from sundry debtors. As of 30 June 2024, the combined amount stands at \$1.582m, a reduction of \$0.876m from the \$2.458m reported on 30 June 2023.

Council's Sundry Debtors total \$648k (Attachment 1), with \$118k (18%) overdue by more than 120 days—a decrease from \$147k the previous year. Of the \$118k outstanding in the 120+ days category, \$42k has been paid, and eight accounts totalling \$55k are on payment plans in good standing. Remaining aged debts are under review with our debt collection agency, with a provision of \$14k included in the 2023-2024 Financial Statements for these accounts.

Debt Collection Process

Sundry Debtors

A debt recovery procedure exists which includes the following key steps in regard to debt collection:

- Monthly statements sent out directly to debtors.
- Reminder letters are sent to debtors once outstanding debt reach 60+ days.
- Follow up phone calls, letters and emails are sent to debtor by Sundry Debtors Officer as required.
- Outstanding debt 90+ days is referred to the originating officers for follow-up with the debtor.
- Payment plans are put in place if appropriate to enable collection of outstanding debt.
- If no payment is made a letter is issued to the debtor requesting payment within 48 hours to avoid recovery action being taken.
- If no payment is received an assessment is made to send to council's debt collector where financially viable to do so.
- Where the charge relates to a good or service incurred on the land (i.e., directly related to the property), amounts can be transferred to the landowner's Rates account.

Rates Debtors

The following key steps are taken in regard to debt collection:

- Overdue Notice issued approximately one week after the last day to pay.
- If debt is not paid it will be assessed for referral to the Debt Collection Agency based on criteria including > \$600 and 2 instalments overdue, or no arrangement in place.
- Council will refer the debt to the Debt Collection Agency who then proceed with letters of demand requesting payment or a payment arrangement.
- If no payment or arrangement is made, Council will instruct the Debt Collection Agency to commence legal proceedings for recovery of the debt.

Note – payment plans can be put in place at any time.

Council's rating policy provides support and assistance to eligible ratepayers through a number of different options including:

- Payment plans
- Extensions to pay

- Remit fines and interest
- Postponement of rates for seniors
- Postponement of rates for hardship.

Postponed rates debts are included as a component of “Trade and Other Receivables” in Current Assets and separately disclosed in Note 5(b) to the Financial Statements.

It should also be noted that legislation allows Council to be given high priority to recover any outstanding debts, including accumulated interest, from the proceeds on the disposal of a property.

ATTACHMENTS

1. Attachment 1 - Sundry Debtors Report 2024 [8.1.1 - 1 page]

Sundry Debtors Report - Ageing Report as at 30 June 2024

Attachment 1

Debtor	Total Balance	Current	30 Days	60 Days	90 Days	120+ Days	Percentage of Total 120+ Day Balance	Comments for 120+ Days Balances
General Total	63,158.15	43,382.20	0.00	9,620.00	0.00	10,155.95	9%	Made up of 2 out of 8 debtors. These accounts are being worked through with the debt collector.
Neighbourhood Centres Total	8,218.51	3,393.00	3,072.51	1,290.00	33.00	430.00	0%	Made up of 1 out of 23 debtors in this category.
Regulatory Services Land Clearing Total	4,818.36	4,818.36	0.00	0.00	0.00	0.00	0%	
City Property Facilities - Leased Properties Total	126,355.49	31,362.85	14,105.21	9,561.57	284.55	71,041.31	60%	Made up of 2 out of 24 debtors. One account totalling \$66,541.39 is on a payment plan, payments of \$12,250.00 have subsequently been received. One other account totalling \$4500.00 has subsequently been settled.
City Property Facilities - Sporting Facilities Total	7,903.75	4,491.75	0.00	0.00	0.00	3,412.00	3%	Made up of 1 out of 4 debtors. This account has subsequently been settled.
Civil Services Private Works Total	60,473.30	26,504.80	3,102.50	5,350.00	4,370.00	21,146.00	18%	Made up of 12 out of 28 debtors in this category with one account totalling \$3,300.00 relating to works not commenced, awaiting payment. Five accounts totalling \$5,350.00 are on payment plans, payments of \$1,750.00 have subsequently been received. Five accounts totalling \$8546.00 have subsequently been settled.
Swim Centre Debtors Total	26,078.20	20,903.10	3,993.10	650.00	0.00	532.00	0%	Made up of 1 out of 16 debtors. This account has subsequently been settled.
Grants & Subsidies Total	204,029.65	200,729.65	0.00	0.00	0.00	3,300.00	3%	Made up of 1 out of 5 debtors. This account has subsequently been settled.
Environmental Health Inspections Total	21,935.20	10,520.60	2,320.00	0.00	1,587.50	7,507.10	6%	Made up of 39 out of 116 debtors with none individually significant. Six accounts totalling \$719.00 have subsequently been settled.
Marion Cultural Centre Total	8,942.10	5,974.85	2,967.25	0.00	0.00	0.00	0%	
Local Government Total	111,605.72	108,298.95	3,306.77	0.00	0.00	0.00	0%	
Open Space Total	4,350.00	2,930.00	0.00	1,420.00	0.00	0.00	0%	
Total	647,868.43	463,310.11	32,867.34	27,891.57	6,275.05	117,524.36		
Total Ageing Profile		72%	5%	4%	1%	18%		

Category	Description
Employees	Anything that relates to CoM employees.
General	Anything that does not fit into one of the below categories.
Neighbourhood Centres	For hire of rooms in Neighbourhood Centres etc - usually charged out at an hourly rate. Also includes cultural workshops and tours.
Regulatory Services Land Clearing	When council has had to clear land due to non-compliance of owner.
Sporting Clubs & Other Leases	Rent, electricity, water, maintenance etc charged out to lessees.
Civil Services Private Works	Repairs or modifications to infrastructure (footpaths, kerbs, driveway inverts). Can be at resident request.
Swim Centre Debtors	Outdoor Swimming Centre - used for lane hire, school visits etc.
Grants & Subsidies	Government grants and subsidies.
Environmental Health Inspections	Food inspection fees.
Regulatory Services Other	Vehicle impoundment fees and other regulatory services.
Supplier Refunds	Where a supplier owes the City of Marion funds. This category is used to keep track to ensure we have received payment for credits.
Development Services	Includes contribution from residents and/or developers for the removal and/or replacement of Council Street Trees and significant trees.
Living Kaurna Cultural Centre	Relates to programs run through the LKCC.
Environmental Health Testing	Environmental testing fees.
Local Government	Transactions with other Local Government corporations.
Communications	Anything related to communications.
Economic Development	Events etc relating to economic development within the City of Marion.
Marion Cultural Centre	Hiring of Marion Cultural Centre.
Open Space	Removal and/or replacement of Council Street Trees.

*any category that does not have any outstanding invoices will not be displayed

8.2 Annual Investment Report 2023-2024

Report Reference	SFRAC241111R8.2
Originating Officer	Treasury Accountant – John Stewart
Corporate Manager	Chief Financial Officer – Ray Barnwell
General Manager	Acting General Manager Corporate Services – Megan Bradman

REPORT OBJECTIVE

Section 140 of the *Local Government Act 1999* requires Council to review the performance of its investments on an annual basis. This report reviewed by the Finance Risk and Audit Committee will be presented to Council for adoption at its General Council Meeting on 26 November 2024.

EXECUTIVE SUMMARY

A summary of the 2023-2024 Investment Performance is provided at Appendix 1 for the Committee's information, showing that Council recorded a favourable result against the benchmark indicator. A favourable result has been experienced each financial year since 2007-2008.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Notes the Investment Performance Report 2023-2024.**

DISCUSSION

Decision making regarding investments are conducted under the guidance and parameters set within Council's Treasury Management Policy.

Compliance with Treasury Management Policy (Investments)

Council has complied with all elements of the Treasury Management Policy. Compliance has been achieved against the following major policy requirements:

Policy Requirement	Review
Council funds available for investment will be lodged 'at call' or having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term.	Investments in Fixed Term Deposits were made between a range of 30-180 days with an average maturity of 101 days and an average return of 5.12%. The average 'at call' rate of return was 4.36%. No Fixed Term Deposits were required to be broken during the year.
In the case of Fixed Term Investments, the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise new borrowings or reduce the level of Council's variable interest rate borrowing facility.	The variable interest rate borrowing facility was not required to be accessed.

Policy Requirement	Review
Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.	The Council supports the Local Government Finance Authority of South Australia (LGFA) for the placement of investment funds. The LGFA is a statutory authority established for the benefit of councils in South Australia. Utilising the services of the LGFA provides an efficient means of investing surplus funds and a source of highly competitive interest rates. All deposits made with the LGFA are also guaranteed by the Treasurer of South Australia. To ensure Council continues to receive competitive rates for investments, quotations are regularly obtained from authorised institutions on investments of more than \$1,000,000 where the period of investment exceeds 90 days. During 2023-24 all surplus funds were invested with the LGFA, who in the process of market testing, offered the most competitive interest rates.
Investments fixed for a period greater than 12 months to be approved by Council.	No investments were placed for a period greater than 12 months.
The Policy indicates where surplus funds can be invested and that if they are invested in choices outside of the Policy, Council approval is required.	All surplus funds invested during the 2023-2024 financial year were invested with the LGFA which is an allowable option under the Policy.
The Policy indicates investment activities that Council would not participate such as shares in private/public companies, listed or unlisted property trusts and derivatives.	No investments were placed in such options.

Performance against Benchmarks

Reserve Bank Cash Rate

Council earned \$1,246,170 of interest on its investments in 2023-2024 at an average rate of return of 4.79%, a favourable outcome compared to the benchmark indicator (average Reserve Bank cash rate) of 4.26%.

Bank Bill Swap Rate (BBSW)

The Finance and Audit Committee commented, when reviewing the 2014-2015 Investment Report, that it would also be useful to benchmark against commercial rates being offered.

The BBSW is the rate at which banks will lend to each other. It is a short-term swap rate which reflects a compilation of average market rates supplied by domestic banks regarding specific maturities of bank bills. The BBSW is published daily and therefore an annual average index can be readily calculated for comparative purposes.

The most common index applied is the 90 Day BBSW which also closely aligns with Council's average maturity of 101 days. For the 2023-2024 financial year, the 90 Day BBSW was 4.45%. Council's average rate of return of 4.79% is also favourable compared to the BBSW indicator. A favourable result has been achieved each financial year since implementation of this benchmark.

Interest on Investments Budget Performance

The performance of Interest on Investments is also monitored and managed against the budgeted forecast. The actual value of investment interest of \$1,246,170 was a 3.80% favourable variance against a final revised budget forecast of \$1,200,300.

Finance Risk and Audit Committee Advice

Administration welcomes any Finance, Risk and Audit Committee feedback prior to forwarding to Council the Investment Performance Result for 2023-2024.

Conclusion

Council's investment performance for 2023-2024 was well managed and produced an excellent outcome when compared to relevant benchmark indicators, particularly in a year of a difficult and an ever-moving economic climate. Investments were placed exercising due care and diligence and in strict accordance with Council's Treasury Management Policy.

ATTACHMENTS

1. Investment Performance 2023 24 [8.2.1 - 3 pages]

Appendix 1

Investment Performance 2023-24**Interest on Investments**

Interest on investments for 2023-24 was \$1,246,170. Recent interest on investment history reveals the following:

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total Interest (including LGFA Bonus)	\$1,214k	\$946k	\$503k	\$365k	\$1,157k	\$1,246k
LGFA Bonus/Annual Distribution	\$168k	\$174k	\$185k	\$199k	\$101k	\$59k

The increase of interest on investments in 2023-24 can be mainly attributed to the increase in average interest rates for the year increasing from 3.45% in 2022-23 to 4.79% in 2023-24.

The total average amount invested per day, decreased from \$33.5m in 2022-23 to \$26.0m in 2023-24. Funds were therefore not able to be kept on deposit for longer periods than was possible in 2022-23, prior to being required to meet payment obligations for creditors, payroll and progress payments for major capital projects. This pattern was expected however, with the planned drawdown of cash reserves funding several major projects in 2023-24.

Competitive quotes were sourced during the financial year for Term Deposits and all investments were placed with the Local Government Finance Authority (LGFA) who consistently provided the best competitive rates.

Peak Value of Investments

Investments peaked in September 2023 at \$38.2m. The peak value of investments history reveals the following:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
\$53.3m	\$58.0m	\$62.5m	\$58.9m	\$45.9m	\$38.2m
Dec 2018	Sep 2019	Sep 2020	Sep 2021	Sep 2022	Sep 2023

Traditionally investments reach their peak in the first half of the financial year due to a portion of ratepayers paying their rates in full rather than paying quarterly. Large grant revenue receipts and the timing of significant Capital Expenditure projects also have an impact on investment balances.

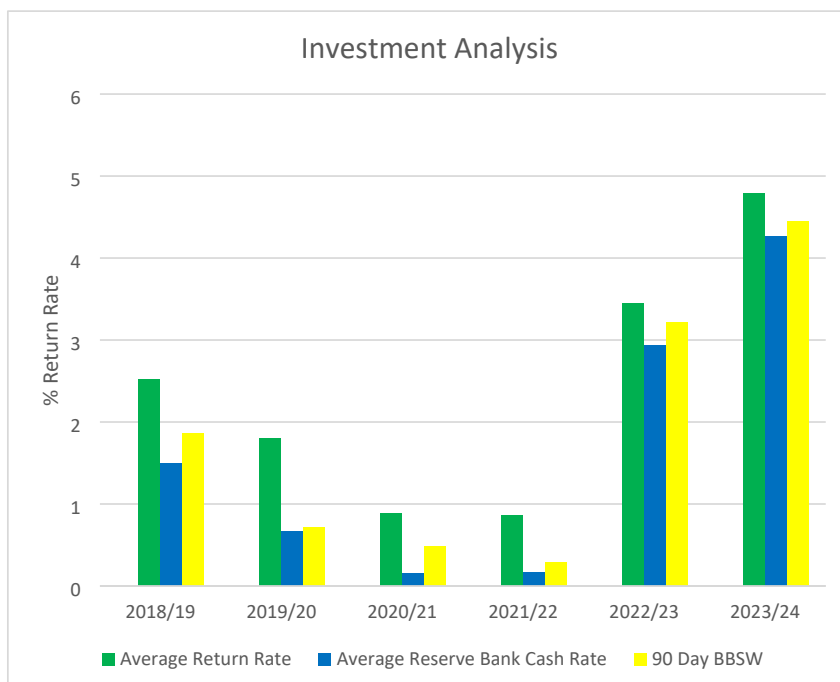
Annual Rate of Return on Investments

Council's Investment performance is measured against a recommended benchmark and submitted for consideration by Council on an annual basis. This is in accordance with guidelines contained in the "Investment Policy & Review of Investments" document published by the South Australian Local Government Financial Management Group.

The benchmark indicator referred to above that measures our investment performance, is the average annual Reserve Bank cash rate. The cash rate commenced the 2023-24 Financial year at 4.10% and increased to 4.35% in November 2023, where it remained for the rest of 2023-24.

The annual rate of return on investment for the City of Marion for 2023-24 was 4.79% compared to the annual average benchmark rate of 4.26%, providing assurance that funds invested by City of Marion were well managed. The following table and graph summarise Council's history of annual rate of return on investments.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Rate of Return	2.52%	1.80%	0.89%	0.86%	3.45%	4.79%
Average Reserve Bank Cash Rate	1.49%	0.66%	0.15%	0.17%	2.93%	4.26%
Benchmark Variation	+1.03%	+1.14%	+0.74%	+0.69%	+0.52%	+0.53%



The Council's annual rate of return includes the annual special distribution paid by Council's principal investment financial institution – LGFA. This distribution paid to Councils by LGFA is based on a combination of Council's investment and borrowing activity for the prior year.

The table indicates a positive variation in each financial year against the average Reserve Bank Cash Rate. The 2023/24 result is the seventeenth consecutive year of a favourable outcome against this benchmark. In addition, the 2023/24 annual rate of return of 4.79% also marks the ninth consecutive year that Council's investments outperformed the BBSW indicator which was 4.45%.

Council's General Bank Account does not earn interest which is factored into the benchmark result. The inclusion of the General Bank Account balances held in the overall investment performance does make it more challenging to achieve a positive benchmark performance. As a result, it is important that the Treasury Management function monitors and minimises any potential negative impact.

9 Workshop / Presentation Items**10 Other Business****11 Meeting Closure**

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.