

ANNUAL REPORT



**MORNINGTON
SHIRE COUNCIL**





Acknowledgement of Country

We acknowledge the Traditional Owners of the land on which we operate, the Lardil people of Mornington Island and pay our respects to Elders past and present. We also acknowledge the Kaiadilt, Yangkaai, Waanyi, Gangalidda and Garrawa people who share these homelands.



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Welcome



Mornington Shire Council's Annual Report 2024/2025.

Each year, Mornington Shire Council produces an Annual Report as required by the State Government. This report has been prepared in accordance with Chapter 5, Part 3 of the Local Government Regulation 2012.

This report describes Council's achievements in delivering services to the Mornington Shire region and is an important document by which Council is transparently accountable for its financial and operational performance throughout the year.

It is one of the ways council connects with the community and is the culmination of regular reporting, containing important information for all stakeholders on Council's operations, achievements, challenges, culture, purpose and plans for the future.

To request a copy of this report, please contact Council or, alternatively, you can download a copy from our website www.mornington.qld.gov.au

Aimed to foster a vibrant, culturally rich community where local government services and facilities are delivered in a way that is responsive to the needs and the aspirations of the community, this Annual Report compares our performance against what we said we would do in the 2024-2025 financial year.

Our quality of life is dependent on a strong economy and in planning for the future, we need to be aware of the constraints and opportunities which influence our endeavours.



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Corner Lardil Street and Jinkya Street
Gununa QLD 4892



**MORNINGTON
SHIRE COUNCIL**

Mayor's Message



This year has been a significant period of renewal for Mornington Shire Council, and I am proud of what we have achieved together. We have stabilised Council's financial position, strengthened our reserves, and secured major funding for social housing, including the Lardil Street subdivision, five new houses, nine dongas and new 4×2-bedroom accommodation. These projects will make a real difference for families across our community.

Residents have also seen major infrastructure improvements. Our new Council building and the beautiful Goobalathaldin Knowledge Centre (Indigenous Knowledge Centre) are already strengthening access to services, culture and learning. We have also secured funding for a state-of-the-art water treatment plant that will support safe, reliable water for years to come.

Our Roads team continues to maintain the network to a high standard, supported by new equipment and training. Across the community, we have delivered new footpaths, a new hearse, new fire engines, painted 80 social houses and reduced the backlog of maintenance requests.

The ongoing challenge remains reduced funding for Local Governments, particularly Indigenous councils. Despite this, we continue to advocate strongly at all levels of government to ensure Mornington Island receives the support it deserves.

I am confident in the progress we have made and the direction we are heading. Together, we will continue building a strong, connected and culturally proud future for our community.

Richard Sewter
Mayor



CEO's Message



I am pleased to report that Council has continued to strengthen its operational performance throughout the year, with a clear focus on efficiency, effectiveness and long-term sustainability. Across the organisation, we have introduced new and upgraded systems that are already improving the way we work—enhancing our ability to generate revenue, manage costs responsibly and deliver services that meet the needs of our community.

A major area of progress has been the investment in our road network. Council has upgraded its road fleet and supported our road crew with the training and skills needed to maintain the network to a consistently high standard. This work is essential for community safety, connectivity and economic participation, and I am proud of the professionalism our team continues to demonstrate.

We have also made a significant commitment to staff development, with substantial investment in training and capability building across the organisation. While attracting local applicants to Council roles remains a challenge, we continue to focus on creating pathways for local employment and building a strong, skilled workforce for the future.

This year, Council secured approximately \$100 million in funding for building, social housing and infrastructure projects—an achievement that reflects both the trust placed in Council and the strength of our advocacy. These projects will continue to roll out over the coming years and will deliver lasting benefits for the Mornington Island community.

Our ongoing challenge remains the limited operational funding available to support Council's day-to-day services. As a remote Indigenous council with few revenue-raising opportunities, we continue to work hard to maximise every dollar and ensure our operations deliver strong value for money.

Despite these constraints, I am confident that Council is delivering high-quality, cost-effective services and achieving outcomes that make a meaningful difference for our community. The dedication of our staff, the support of our partners and the resilience of our community continue to drive our progress forward.

Gary Uhlmann
Chief Executive Officer

Our Council

The role of elected councillors, as part of the governing body of a council, is spelled out in section 12 of the Local Government Act 2009. It is to:

- Represent the current and future interests of the residents of Mornington Shire Council
- Ensuring Mornington Shire Council discharges its responsibilities under the Act, achieves its corporate plan and complies with all laws that apply to the Shire
- Providing high quality leadership to the Shire and the community
- Participating in Council meetings, policy development and decision making for the benefit of Mornington Shire
- Being accountable to the Community for the Shire's performance

Councillors play a very important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources.

The Mayor and 4 Councillors were elected on 16 March 2024 for a 4-year term, with a by-election required on Saturday 15th June 2024. Council does not have divisions, and therefore the Mayor and Councillors are elected representatives of all residents and ratepayers across the region.



Richard Sewter
Mayor



Robert Thompson
Councillor/Deputy Mayor



Jane Ah Kit
Councillor

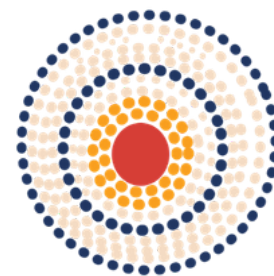


Renee Wilson
Councillor



Farrah Linden
Councillor

Statutory Information



in relation to Councillors

In accordance with (Section 186 Local Government Regulation 2012) the following information is presented in the tables below:

- (a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year.
- (b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy;
- (c) the number of local government meetings that each councillor attended during the financial year.

Elected Member	Remuneration	Superannuation	Expenses	Total	Facilities Provided
Mayor Richard Sewter	\$119,393	\$13,742	Nil	\$133,135	Nil
Cr Robert Thompson	\$68,880	\$7,928	Nil	\$76,808	Nil
Cr Farrah Linden	\$59,695	\$6,877	Nil	\$66,572	Nil
Cr Renee Wilson	\$59,695	\$6,877	Nil	\$66,572	Nil
Cr Jane Ah Kit	\$59,695	\$6,877	Nil	\$66,572	Nil

Meeting Attendance

Council Meetings are typically held on the last Wednesday of each month commencing at 9am in the Council Chambers.

In 2024-25, Council held 12 Ordinary Council Meetings and 1 Special Meeting.

Elected Member	Ordinary Meeting	Special Meeting
Mayor Richard Sewter	9	1
Cr Robert Thompson	12	1
Cr Farrah Linden	12	1
Cr Renee Wilson	12	1
Cr Jane Ah Kit	12	1

Vision, Mission & Values



Vision

- Empower our Community – Our people
- To feel solid and strong like the rock in Mundalbe
- To taste and hear the breaking waves of change
- To establish clean, safe, healthy lifestyles togetherness
- Have pride & respect for each other in our culture, achievements & successes
- To see and smell the compassion and peacefulness of our community

Mission

- We are committed to a Community where:
- Our people are happy, healthy and safe
- Our natural environment is valued and well-managed
- Our culture is retained and maintained
- We have quality infrastructure
- We have a sustainable local economy
- Governance and ownership of Community direction is by Council
- We have transparency of government and open communication between the three tiers of Government

Values

- Responsibility
- Respect
- Compassion
- Hard work
- Working together
- Proud to belong



Our Region



Mornington Shire incorporates twenty-two islands of the Wellesley Group in the Gulf of Carpentaria. The Wellesley Islands are remnants of the mainland now submerged by the syncline that formed the Gulf of Carpentaria and are essentially flat platforms with little relief. There are substantial areas of intertidal flats and fringing reefs associated with most Islands.

Mornington Island is the largest island in the group covering an area of 700 square kilometres, is located 16°30' south and 139°30' east in the Gulf of Carpentaria, about 125kms north-west of Burketown, 200kms west of Karumba and 444kms from Mt Isa. The Shire has an area of 1,248.4 sq.kms.

Gununa (a Lardil people word), which was founded in 1914, is the primary residence of majority of the Shire's population. Public utilities in Gununa are well developed with reticulated power, water, sewerage and storm water drainage. Town streets are bitumen-sealed. The aerodrome is of an all weather standard and Regional Express Airlines services the Island from Mt Isa and Cairns Monday to Friday. Council operates the barge shed and works with Carpentaria Freight, which operates the barges service from Karumba.



Community Finance Report



**MORNINGTON
SHIRE COUNCIL**

Community Finance Report

The 2024/25 Community Finance Report provides an easy to read analysis of Council's fiscal performance for the year as detailed in the audited financial statements published from page 30 onwards.

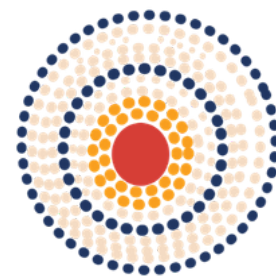
Council is required to prepare a Community Financial Report each year in accordance with Section 179 of the Local Government Regulation 2012.

This Community Financial Report complies with the above requirements and covers the financial performance and position of Mornington Shire Council for the financial year ended 30 June 2025.

For a more detailed understanding of Council's financial results and financial position, refer to the Financial Statements commencing page 30.



Financial Performance



The year ended 30 June 2025 was a good year financially for the Council. Money in was more than money out. Out bank balance improved as well as assets to the community. Most notably a new Social housing building was completed as well as a Civic Building and Goobalathaldin Knowledge Centre. Sewer pumps were upgraded, footpaths built and roads improved.

Summarised statement of comprehensive income Money in and money out during the year	
Operating	
Total operating revenue	31,096,382
Total capital income	8,277,375
Total income	39,373,757
Expenses	
Total operating expenses	(32,107,271)
Capital expenses	(605,629)
Total expenses	(32,712,900)
Net result	6,660,857
Other income	
Movement in asset revaluation surplus	13,440,571
Total other comprehensive income for the year	13,440,571
Total comprehensive income for the year	20,101,428



Summarised statement of financial position

Commonly known as the balance sheet. Asset, liabilities and equity.

This statement is at a point in time, in this case 30 June 2025.

This shows what assets the Council owns. What is owed to the Council and what the Council owes.

Summarised statement of financial position	
Assets	
Cash and cash equivalents	15,322,643
Receivables	9,759,471
Inventories	1,423,085
Property, plant and equipment	195,217,283
Total assets	221,722,482
Current liabilities	
Payables	3,845,460
Contract liabilities	10,869,655
Staff provisions	894,496
Landfill restoration	1,539,100
Total liabilities	17,148,711
Net community assets	204,573,771
Total community equity	204,573,771

REVENUE

Council recorded \$39.37 million in revenue and other income for the year ended 30 June 2025. Total revenue increased by \$6.37 million (+21%) on the previous year. Principal movements included:

Capital Grants \$7.99 million down (\$-3.92 million)

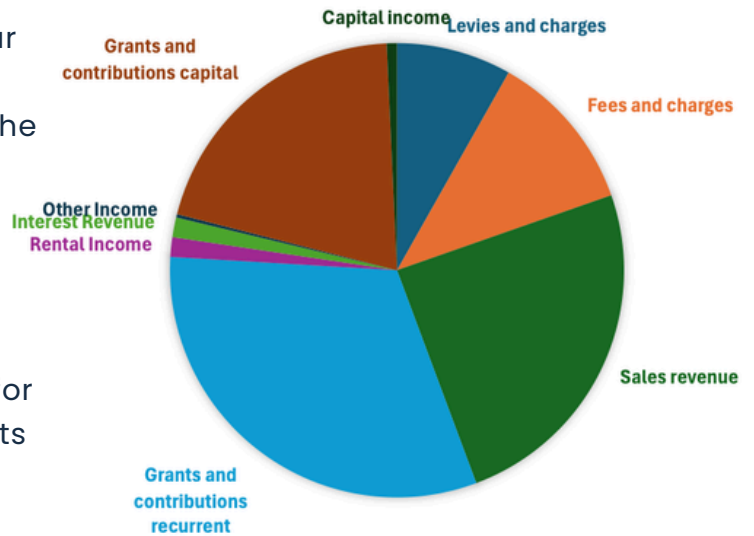
Capital grants funding was received for major asset and infrastructure projects including:

- Road Reconstruction – Disaster Recovery Funding Arrangements (DRFA)
- Civic Building
- Goobalathaldin Knowledge Centre
- Social Housing

Cash funds received for capital grant projects are treated as a contract liability and deposited into Queensland Treasury Corporation (QTC) cash fund accounts (i.e., Restricted Cash). Capital revenue is recognised as the related asset is constructed.

Non Capital Grants increased from \$5.42 million to \$12.45 million an increase of \$7.03 million. This was due to an increase in funding and the timing that funding was received.

REVENUE MIX



EXPENSES

Council incurred \$32.71 million in expenses during the year which included operational expenditure of \$32.10 million and capital expenditure of \$3.2 million.

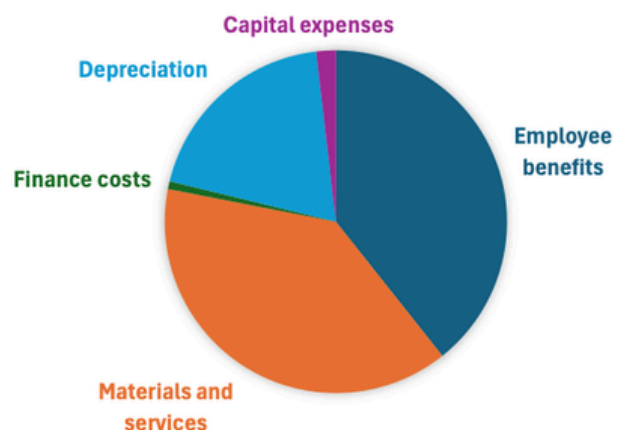
Total cash flows for capital projects was \$7.2 million.

The main expenses included:

- Employee benefits
- Materials and services
- Finance costs
- Depreciation

Capital expenses Capital expenses were related to the disposed of property, plant and equipment.

EXPENSES



ASSETS

As at 30 June 2025, Council's assets were valued at \$221 million.

What Council Owns:

CASH & EQUIVALENTS

Cash held at bank may have restrictions placed over its use. These funds are classified as either unrestricted or restricted.

Unrestricted funds are monies received from day-to-day operations and from grant funding which does not place conditions over how it is to be spent. These funds are available to be re-invested into operations, asset replacement/renewal and delivery of services to the community generally.

Restricted funds are generally received in the form of grants from other levels of government and are required to be spent for a specific purpose, such as construction of buildings or infrastructure. These funds are not available to fund operations. Unspent funds or funds not spent according to the funding requirements may be required to be returned to the funding body.

LIABILITIES

At 30 June 2025, Council's liabilities totalled \$17.15 million. This was made up of the following;

- Amounts owing to suppliers
- Unspent capital grant funding
- Provision for restoration of landfill; and
- Employee leave entitlements

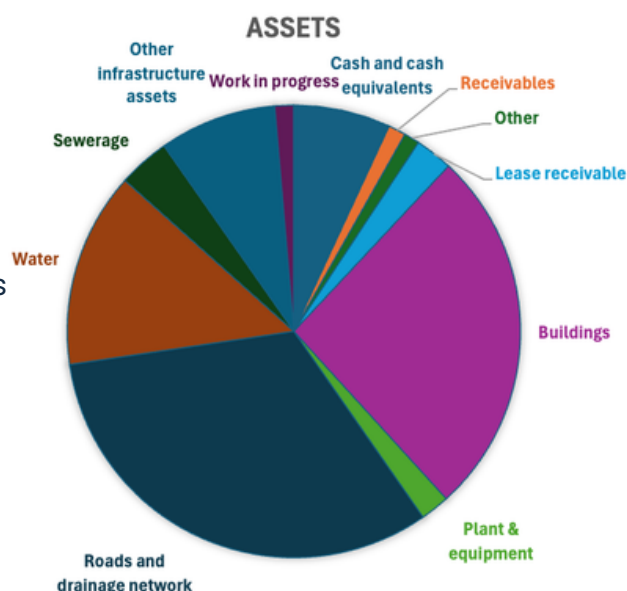
Total liabilities increased by \$3.1 million (+19%) on the previous year. Principal movements included:

Trade payables \$4.45 million down from \$8.02 million from a reduction of PAYG and Other Creditors

Contract Liability \$10.87 million (+\$6.21 million) This balance represents the total of grant funds received for a specific purpose minus the expenditure to date for the underlying projects. The level of liability will vary from year to year depending on the success of grant. This was a very successful year funding applications, timing of receipt of funds and progress of project delivery.

COMMUNITY EQUITY

Council's community equity is defined as its net worth – what we own, less what we owe. At 30 June 2025, Council's community equity was \$204 million.



MEASURES OF FINANCIAL SUSTAINABILITY



The Local Government Regulation 2012 requires that Council report its results for the financial year against selected financial sustainability ratios.

Council's performance at 30 June 2025 against key financial ratios and targets:

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	2.1	2	Council paid down amounts owing to the Australian Taxation Office. Going forward council expects liquidity to improve
Operating Performance	Operating Surplus Ratio	n/a	(3%)	(20%)	Council relies heavily on grant revenue to remain sustainable. This year showed improvement again the 5 year average with a focus on improved profitability
	Operating Cash Ratio	Greater than 0%	17%	9%	A focus on profitable areas of the council including building services improved profitability
Asset Management	Asset Sustainability Ratio	Greater than 90%	95%	83%	Council relies on Disaster Recovery Funding to sustain its roads infrastructure
	Asset Consumption Ratio	Greater than 60%	73%	65%	This ratio is within the required range
Financial Capacity	Council-Controlled Revenue	n/a	25%	28%	This will continue to decrease as Hospitality revenue increases
	Population Growth	n/a	101.31%	-1.27%	Inputs provided by the State showing volatility
Asset Management	Asset Renewal Funding Ratio	n/a	100%	n/a	Council relies on grant funding to renew assets





Assessment of Plans

ASSESSMENT OF THE CORPORATE AND OPERATIONAL PLANS

The Local Government Regulation 2012 requires Council to prepare and adopt an annual operational plan for each financial year and a 5-year corporate plan for each period of five financial years.

The operational plan must state how the local government will progress the implementation of the 5-year corporate plan during the period and manage operational risks.

Information on the organisation's progress in achieving the strategies outlined in the operational plan was provided to Council through regular reporting as required by legislation.

Progress Against the 2024–2025 Operational Plan



Chief Executive Officer's Assessment

Mornington Shire Council has continued to make strong progress throughout the 2024–25 financial year, delivering against the priorities set out in the Annual Operational Plan and advancing the long-term goals of the Corporate Plan. This year has been characterised by disciplined financial management, major infrastructure delivery, strengthened governance systems, and meaningful community development outcomes. Council's work reflects our commitment to a self-determined, happy, healthy, safe and prosperous community, as articulated in the Corporate Plan vision.

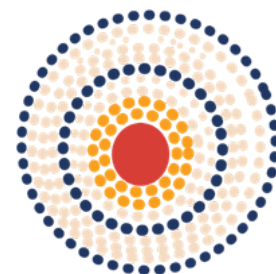
The following assessment outlines Council's performance across each strategic focus area, including Council's top 10 priorities.

Progress on Top 10 Priorities

Council's Top 10 Priorities for 2024–25 represent the most critical projects for community wellbeing, infrastructure and long-term development. Progress this year includes:

Priority	Current Status
Tavern Completion	Architectural drawings endorsed; provisional liquor licence granted 19 November 2024.
Duplexes and Plug-In	Construction nearing completion, with vinyl and carport delays.
Single Men's Units and Community Houses	Design and tender documentation due December 2024. Funding shortfall has shifted focus to additional plug-ins.
New Subdivision	MCU for Lardil Street completed. Funding approaches underway as part of the 10-Year Housing Strategy.
Foreshore Erosion Mitigation	Funding secured.
Indigenous Knowledge Centre	Practical completion due December 2024; SLQ preparing collections and ICT. Opening scheduled for first quarter 2026.
Youth Hub	Fully staffed and operational, with active programming and drop-in services.
Community Housing Strategy & Runway Realignment	Funding sought for interim runway works; grant applications ongoing.
Potable Water Security	Water assessment due; major capital works required.
Public Open Space and Recreation Strategy	Funding applications unsuccessful to date; priority components being re-pursued, including oval resurfacing.

Key Strategic Objectives



FINANCIAL MANAGEMENT

Council has significantly strengthened its financial position over the past year. Mandatory financial ratios have been adopted, and regular reporting has improved transparency and oversight. As noted in the Operational Plan, 'up to date balance sheet, cashflow and outstanding debtor lists [are] routinely provided'.

Council has also established a more strategic investment approach, with multi-million-dollar funds now placed with Queensland Treasury Corporation to generate compound interest and support long-term sustainability.

Overall, Council is operating with greater financial discipline, improved liquidity, and a clear focus on long-term fiscal responsibility.

CORPORATE PLAN DEVELOPMENT

A major organisational milestone for the coming year is the development of a new Corporate Plan. Preparatory work has been completed, with a 'rigorous workshop, consultation and drafting process to occur in first quarter of 2025'.

This will ensure the new plan is grounded in community priorities and aligned with the long-term aspirations of Mornington Island residents.

Council is on track to deliver a contemporary, community-informed Corporate Plan.

ADVOCACY

Council continues to advocate strongly for improved service delivery, infrastructure investment, and long-term solutions to community priorities. Following the Queensland Government election cycle, Council has reset its engagement with new Ministers, Directors-General and departmental leaders. The Operational Plan highlights the importance of 'continued research, strategy development and advocacy to achieve outcomes identified with the Corporate and Operational Plans'.

Key advocacy areas include runway realignment, housing, aged care, youth services, and addressing the impacts of alcohol restrictions.

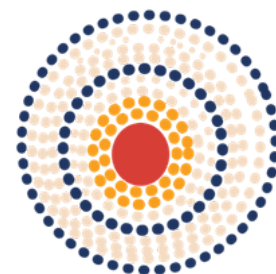
Council's advocacy efforts remain active, strategic and aligned with community needs.

ASSET MANAGEMENT

Council has made meaningful progress in strengthening asset management practices. A comprehensive revaluation program is underway, covering plant, equipment, vehicles and buildings. The Operational Plan notes that upgrades to water and sewerage infrastructure funded through ICCIP will form the foundation for future long-term asset planning.

Council is building the systems and data required for sustainable, compliant asset management into the future.

Key Strategic Objectives



MASTERPLAN AND TOWN PLANNING

Council continues to uphold the adopted masterplan in major decisions, ensuring long-term land use, infrastructure and community development priorities remain aligned. Surveying and planning work is progressing in parallel with the establishment of the Indigenous Land Use Agreement (ILUA) with GRAC, as noted in the Plan: 'Surveying and planning to occur in collaboration with establishment of ILUA with GRAC'.

Runway realignment remains a critical enabler for future residential development and is a major focus of Council's advocacy.

Progress is steady, with external funding and ILUA negotiations shaping the pace of delivery.

GOVERNANCE AND ADMINISTRATION

Council has strengthened its internal systems, compliance frameworks and organisational capability. A new records management system is being implemented, and a systematic review of policies and procedures is underway. The Operational Plan confirms that 'rigorous WHS systems [are] now in place', reflecting Council's commitment to safe and compliant operations.

Council is building a more modern, accountable and capable organisation.

COMMUNITY DEVELOPMENT

Council has delivered significant improvements in community services and facilities. The Youth Hub is now fully staffed and operational, offering drop-in services, events and school holiday programs. ILUA funding has been secured, and engagement with GRAC is progressing. Council continues to advocate for improved aged care facilities, including a joint application with Selectability for a new residential and respite facility.

Community development initiatives are progressing strongly, with tangible benefits for youth, families and Elders.

CRITICAL INFRASTRUCTURE

Major progress has been made in strengthening essential services. Council has secured \$6 million for water projects, with a new water filtration plant scheduled for construction in 2025. A waste transfer station and plastics recycling pilot will also be introduced in 2025. The Operational Plan highlights that Carpentaria Freight will back-load car bodies free of charge to help clear the backlog of scrap metal.

Council is delivering long-term improvements to water security, waste management and environmental sustainability..

Key Strategic Objectives



COUNCIL AND PUBLIC HOUSING

Housing remains one of the community's most pressing challenges. Council has advanced multiple housing projects, including duplexes, plug-ins, single men's units and new community houses. The Operational Plan notes that the Healthy Housing program will be rolled out during 2025, supporting improved living conditions and reduced overcrowding.

Runway realignment remains a critical enabler for future residential development and is a major focus of Council's advocacy.

While construction delays have occurred, overall progress is strong and aligned with long-term housing strategies.





Statutory Information

Beneficial enterprises (Section 41 LGA 2009)

A local government's annual report must contain a list of all beneficial enterprises that the local government conducted during the financial year.

There was no beneficial enterprise activity conducted throughout the year.

Significant Business Activities (Section 45 LGA 2009)

A local government's annual report for each financial year must:

- (a) contain a list of all the business activities that the local government conducted during the financial year
- (b) identify the business activities that are significant business activities
- (c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied
- (d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.

Council did not conduct any significant business activities during the reported financial year and, as such, the competitive neutrality principle is not applicable.

Senior Management Structure and Remuneration Bands (Section 201 (1) LGA 2009)

A local government's annual report for each financial year must state:

- (a) the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government
 - (b) the number of employees in senior management who are being paid each band of remuneration
- Each band of remuneration is an increment of \$100,000.

The total of remuneration packages to senior management for the 2024/25 financial year was \$1,447,564.

Band	No. Snr Management Employees
Under \$100,000	
\$100,000 – \$200,000	3
\$200,000 – \$300,000	2
\$300,000 – \$400,000	1

Financial Statements (Section 183 LGR 2012)	
The annual report for a financial year must contain: (a) the general purpose financial statement for the financial year, audited by the auditor-general (b) the current-year financial sustainability statement for the financial year, audited by the auditor-general (c) the long-term financial sustainability statement for the financial year (d) the auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement.	Included in section 'Financial Statements' commencing page 30.
Community Financial Report (Section 184 LGR 2012)	
The annual report for a financial year must contain the Community Financial Report for the financial year.	Included at 'Community Financial Report' commencing page 10.
Particular Resolutions (Section 185 LGR. 2012)	
The annual report for a financial year must contain: (a) a copy of the resolutions made during the financial year under s250(1) of the LGR (adoption of an expenses reimbursement policy) (b) a list of any resolutions made during the financial year under s206(2) of the LGR (threshold for non-current physical asset to be treated as an expense)	Expenses Reimbursement Policy Section 250 of the Local Government Regulation 2012 requires that Council adopt an expenses reimbursement policy. Council may, by resolution, amend its expense reimbursement policy at any time. This policy was amended and adopted on 18 May 2025 under resolution 2025/80. Non-current Asset Policy Section 206 of the Local Government Regulation 2012 requires that Council must, by resolution, set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense. Council has not adopted a Non-Current Asset position found within section 11 of the Procurement Policy.

Councillors (Section 186 (1) LGR 2012)		
The annual report for a financial year must contain particulars of: (a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and (b) the expenses incurred by, and the facilities provided to, each Councillor during the financial year under the local government's expenses reimbursement policy; and (c) the number of local government meetings that each Councillor attended during the financial year.	Included in Our Council section.	
For councillors, the annual report must also contain:		
(d) the number of each of the following during the financial year:	Complaints referred to the assessor under section 150P(2)(a) of the LGA by the local government, a councillor of the local government or the chief executive officer of the local government	Nil
	Matters, mentioned in section 150P (3) of the LGA, notified to the Crime and Corruption Commission	Nil
	Notices given under section 150R (2) of the LGA	Nil
	Notices given under section 150S(2)(a) of the LGA	Nil
	Occasions information was given under section 150AF(3)(a) of the LGA	Nil
	Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the LGA for the local government, the suspected conduct breach of a councillor	Nil
(g) The total number of referral notices given to the local government under section 150AC (1) of the LGA during the financial year		Nil
(h) For suspected conduct breaches the subject of a referral notice mentioned in LGR s186(1)(g)	The total number of suspected conduct breaches; and	Nil
	The total number of suspected conduct breaches for which an investigation was not started or was discontinued under section 150AEA of the LGA	Nil
(j) The number of matters not decided by the end of the financial year under section 150AG(1) of the LGA		Nil
(k) The average time taken by the local government in making a decision under section 150AG(1) of the LGA		Nil

Administrative Action Complaints (Section 187(1) and (2) LGR. 2012)

The annual report must contain:

(a) a statement about the local government's commitment to dealing fairly with administrative actions complaints

(b) a statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process.

Local Governments are committed to providing a level of customer service expected by their communities and Council acknowledges and respects the right of affected persons to provide feedback both positive and negative about decisions or actions made by it. Also acknowledged is the rights of a person to lodge a complaint about a decision or other action the Council has taken.

The complaints process ensures that any complaint is dealt with fairly, promptly, professionally, in confidence (subject to legal requirements) and in a manner respectful to the complainant.

The Council gives equal weight to complaints that are received anonymously. Further information on Council's administrative complaints management process is available at from council's website.

Council has implemented an internal policy as it relates to complaints and will extend this to reviewing its external complaints process throughout 2026/2027 financial year.

Council did not receive any complaints in accordance with this provision during 2024-25.

The annual report must contain the number of the following during the financial year (LGR s187(2)(a))

a) complaints made to the local government LGR s187(2)(a)(i)

b) complaints resolved by the local government under the complaints management process LGR s187(2)(a)(ii)

c) complaints not resolved by the local government under the complaints management process LGR s187(2)(a)(iii)

d) the number of complaints not resolved by the local government under the complaints management process that were made in a previous financial year. LGR s187(2)(b)

Nil

Overseas Travel (Section 188 LGR 2012)

The annual report for a financial year must contain the following information about any overseas travel made by a Councillor or local government employee in an official capacity during the financial year:

(a) for a Councillor - the name of the Councillor

(b) for a local government employee - the name of, and position held by, the local government employee

(c) the destination of the overseas travel

(d) the purpose of the overseas travel

(e) the cost of the overseas travel

(2) The annual report may also contain any other information about the overseas travel the local government considers relevant.

No overseas travel was undertaken by a Councillor or local government employee in an official capacity during the financial year.

Expenditure on Grants to Community Organisations (Section 189(1) LGR 2012)	
The annual report for a financial year must contain a summary of: (a) the local government's expenditure for the financial year on grants to community organisations	Mornington Shire Council did not disperse any community grants in 2024/25.
Discretionary Funds (Section 189(2) LGR 2012)	
The annual report must contain the following information about the local government's discretionary funds (a) the total amount budgeted for the financial year as the local government's discretionary funds (b) the prescribed amount (0.1% of the local government's revenue from general rates for the previous financial year) for the local government for the financial year (c) the total amount of discretionary funds budgeted for the financial year for councillors to allocate for each of the following purposes (i) capital works of the local government that are for a community purpose (ii) other community purposes (d) the amount of discretionary funds budgeted for use by each councillor for the financial year (e) if a councillor allocates discretionary funds in the financial year (i) the amount allocated (ii) the date the amount was allocated (iii) the way mentioned in section 202(1) in which the amount was allocated (iv) if the amount was allocated to a person or organisation – the name of the person or organisation to whom the allocation was made (v) the purpose for which the amount was allocated, including sufficient details to identify how the funds were, or are to be, spent.	Mornington Shire Council does not have discretionary funds.
Assessment of Corporate and Operational Plans (Section 190(1)(a) LGR. 2012)	
The annual report must contain the Chief Executive Officer's assessment of the local government's progress towards implementing its 5 year-corporate and annual operational plans	Refer to CEO Assessment of Progress Against the 2024–2025 Operational Plan on page 19.
Issues relevant to the assessment of Councils operations and performance (Section 190(1)(b) LGR. 2012)	
The annual report must contain particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year.	Refer to CEO Message on page 5.
Annual Operations Report for Each Commercial Business Unit (Section 190(1)(c) LGR. 2012)	
The annual operations report for each commercial business unit, which means a document that contains the following information for the previous financial year: - information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan - particulars of any directions the local government gave the unit.	There were no commercial business unit to report for the 2024/2025 financial year.

Joint Government Activity (Section 190(1)(d) LGR. 2012)	
The annual report must contain details of any action taken for, and expenditure on, a service, facility or activity: (i) supplied by another local government under an agreement for conducting a joint government activity (ii) for which the local government levied special rates or charges for the financial year.	Nil
Invitations to change tenders (Section 190(1)(e) LGR. 2012)	
The annual report must contain details of the number of invitations to change tenders under section 228(7) of the LGR during the financial year.	Nil
List of Registers & Public Documents (Section 190(1)(f) LGR. 2012)	
The annual report must contain a list of registers kept by the local government.	Mornington Shire Council maintains a range of registers including: Resolutions Register Asset Register Complaints Register Policy Register Councillor Conduct Register Councillor Register of Interest
Summary of Concessions for Rates and Charges (Section 190(1)(g) LGR. 2012)	
The annual report must contain a summary of all concessions for rates and charges granted by Council for the financial year.	Nil
Report on Internal Audit (Section 190(1)(h) LGR. 2012)	
The annual report must contain a summary on the internal audit for the financial year.	No internal audit conducted through 24/25
Investigation Notices for Competitive Neutrality Complaints (Section 190(1)(i) LGR. 2012)	
The annual report must contain a summary of investigation notices given in the financial year under S49 of the LGR for competitive neutrality complaints.	Nil
Responses to QCA's Recommendations (Section 190(1)(j) LGR. 2012)	
The annual report must contain the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under S52(3) of the LGR.	Not required.

Financial Statements



**MORNINGTON
SHIRE COUNCIL**

Mornington Shire Council
Financial Statements
for the year ended 30 June 2025

Mornington Shire Council

Financial statements

for the year ended 30 June 2025

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Mornington Shire Council
Statement of comprehensive income
for the year ended 30 June 2025

		2025	2024
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Levies and charges	3(a)	3,223,709	2,774,009
Fees and charges	3(b)	4,509,827	4,189,820
Sales revenue	3(c)	9,716,664	7,090,730
Grants, subsidies, contributions and donations	3(d)(i)	12,452,608	5,415,162
Total recurrent revenue		<u>29,902,808</u>	<u>19,469,721</u>
Rental Income	14	548,597	739,894
Interest Revenue		552,605	207,170
Other Income	4	92,372	311,266
Total operating revenue		<u>31,096,382</u>	<u>20,728,050</u>
Capital Income			
Grants, subsidies, contributions and donations	3(d)(ii)	7,991,423	11,908,412
Capital Income	5,14	285,952	-
Total capital income		<u>8,277,375</u>	<u>11,908,412</u>
Total income		<u>39,373,757</u>	<u>32,636,461</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(12,859,937)	(11,606,723)
Materials and services	7	(12,678,706)	(12,202,960)
Finance costs	8	(238,331)	(159,077)
Depreciation	15	(6,330,296)	(5,722,129)
		<u>(32,107,271)</u>	<u>(29,690,889)</u>
Capital expenses	5,9	(605,629)	(212,152)
Total expenses		<u>(32,712,900)</u>	<u>(29,903,041)</u>
Net result		<u>6,660,857</u>	<u>2,733,420</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Movement in asset revaluation surplus	19	13,440,571	8,933,138
Total other comprehensive income for the year		<u>13,440,571</u>	<u>8,933,138</u>
Total comprehensive income for the year		<u>20,101,428</u>	<u>11,666,558</u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Mornington Shire Council
Statement of financial position
for the year ended 30 June 2025

		2025	2024
	Note	\$	\$
Current assets			
Cash and cash equivalents	10	15,322,643	5,735,282
Receivables	11	2,764,661	3,893,009
Inventories	12	1,423,085	1,155,677
Contract assets	13(a)	1,055,487	2,558,710
Lease receivable	14	275,371	267,079
Total current assets		20,841,247	13,609,757
Non-current assets			
Lease receivable	14	5,663,952	5,653,371
Property, plant and equipment	15	195,217,283	179,642,405
Total non-current assets		200,881,236	185,295,776
Total assets		221,722,482	198,905,533
Current liabilities			
Payables	17	4,455,418	8,018,553
Contract liabilities	13(b)	10,869,656	4,656,687
Provisions	18	98,625	90,432
Total current liabilities		15,423,699	12,765,672
Non-current liabilities			
Provisions	18	1,725,012	1,667,518
Total non-current liabilities		1,725,012	1,667,518
Total liabilities		17,148,711	14,433,190
Net community assets		204,573,771	184,472,343
Community equity			
Asset revaluation surplus	19	171,899,726	158,459,155
Retained surplus		32,674,045	26,013,188
Total community equity		204,573,771	184,472,343

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Mornington Shire Council
Statement of changes in equity
for the year ended 30 June 2025

	Note	Asset Revaluation Surplus	Retained Surplus	Total
		\$	\$	\$
Balance as at 1 July 2024		158,459,155	26,013,188	184,472,343
Net operating result		-	6,660,857	6,660,857
Other comprehensive income for the year				
Movement in asset revaluation reserve	19	13,440,571	-	13,440,571
Total comprehensive income for the year		<u>13,440,571</u>	<u>6,660,857</u>	<u>20,101,428</u>
Balance as at 30 June 2025		<u>171,899,726</u>	<u>32,674,045</u>	<u>204,573,771</u>
Balance as at 1 July 2023		149,526,017	23,279,768	172,805,785
Net operating result		-	2,733,420	2,733,420
Other comprehensive income for the year				
Movement in asset revaluation reserve	19	8,933,138	-	8,933,138
Total comprehensive income for the year		<u>8,933,138</u>	<u>2,733,420</u>	<u>11,666,558</u>
Balance as at 30 June 2024		<u>158,459,155</u>	<u>26,013,188</u>	<u>184,472,343</u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Mornington Shire Council
Statement of cash flows
for the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		20,960,993	15,888,815
Payments to suppliers and employees		(32,076,863)	(21,644,478)
		(11,115,869)	(5,755,663)
Rental income		548,597	739,894
Interest received		552,605	207,170
Operating grants and contributions		12,452,608	5,415,162
Net cash inflow (outflow) from operating activities	20	<u>2,437,941</u>	<u>606,562</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(9,282,839)	(13,284,771)
Proceeds from disposals		246,641	-
Finance lease receipts	14	267,079	252,355
Grants, subsidies, contributions and donations		15,918,538	5,416,598
Net cash (outflow) from investing activities		<u>7,149,419</u>	<u>(7,615,818)</u>
Net increase / (decrease) in cash and cash equivalents held		<u>9,587,361</u>	<u>(7,009,255)</u>
Cash and cash equivalents at the beginning of the financial year		5,735,282	12,744,537
Cash and cash equivalents at end of the financial year	10	<u>15,322,643</u>	<u>5,735,282</u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

1 Information about these financial statements

1.A Basis of preparation

Mornington Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2024 to 30 June 2025 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

1.B New and revised Accounting Standards adopted during the year

Council has adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2024.

The relevant standards for Tropical were:

-AASB 101 *Presentation of Financial Statements*. (amended by AASB 2020-1, AASB 202-6, AASB 2022-6, AASB 2023-3)

Relating to current/ non current classification of liabilities.

-AASB 13 *Fair Value Measurement* (amended by AASB 2022-10)

These have not had a material impact on Council's reporting

1.C Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not mandatorily effective at 30 June 2025. These standards have not been adopted by Council and will be included in the financial statements on their effective date. The standards are not expected to have a material impact upon Council's future financial statements.

1.D Estimates and judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Judgements, estimates and assumptions	Note
Valuation and depreciation of property, plant and equipment	15
Impairment of property, plant and equipment	15
Provisions	18
Contingent liabilities	22
Valuation of finance leases	14
Revenue recognition	3

1.E Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1. Comparative information is prepared on the same basis as the prior year.

1.F Taxation

Council is exempt from income tax, however is subject to Fringe Benefits Tax and Goods and Services Tax ('GST') on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

2 Analysis of results by function

2(a) Components of Council functions

The activities relating to the Council's components reported on in Note 2(b) are as follows :

Council and Executive leadership team

Council operates under an administrative structure comprising seven departments, each overseen by an Executive Manager. The Executive Leadership Team includes the Chief Executive Officer and Members of the Council. In addition to their executive leadership responsibilities, the Chief Executive Officer holds delegated authority for the coordination of disaster management and oversight of travel-related functions.

Corporate and communities

Corporate and Communities advises on legal and governance issues and is responsible for governance of the council, risk management, planning, funerals and cemetery, library and information services, public and community relations, youth activities, sports and recreation, and property management (leasing).

Engineering

To provide and maintain infrastructure such as roads, drainage, footpaths, aerodromes, batching plant, marine facilities, water supply and services, sewerage, plant and machinery, town amenities, parks and gardens, and environmental health.

Finance

This comprises the support functions for the management of Council's finances and financial reporting obligations. Finance is responsible for logistics and procurement, financial statements and audit, management accounting, grant writing and reporting, accounts payable, accounts receivable, payroll, warehouse and inventory management.

Hospitality and accommodation

Hospitality and Accommodation operates the council's food and beverage, short and long term accommodation businesses. It is responsible for Staff housing, bakery, cleaning, visitors accommodation centres, motel, tavern, airport café, carriage and events.

Housing facilities and major projects

To provide and maintain housing infrastructure and is responsible for major projects, contractor liaison and management, contract negotiations, repairs and maintenance, QBuild works, tenders, and council properties.

Human resources

Human resources comprises the council's human resources function, workforce strategy, recruitment, performance management, training and development, employee relations, and workplace health and safety.

Information and Communications Technology

To provide Information and Communications Technology, systems implementation, management and implementation. Cyber security, supply and distribution of equipment and records management.

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

2 Analysis of results by function

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2025

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2025	2025	2025	2025							
	\$	\$	\$	\$	2025	2025	2025	2025	2025	2025	
Council and executive leadership team	-	-	454,689	-	454,689	(2,615,631)	-	(2,615,631)	(2,615,631)	(2,160,943)	-
Corporate and Communities	63,875	570,668	386,391	-	1,020,934	(1,104,351)	-	(1,104,351)	(469,808)	(83,417)	-
Engineering	520,989	5,796,330	4,926,709	-	11,244,028	(9,717,298)	-	(9,717,298)	(3,399,979)	1,526,730	136,888,730
Finance	11,803,199	1,704,781		285,952	13,793,932	(3,725,710)	(605,629)	(4,331,339)	9,782,270	9,462,593	26,505,199
Hospitality and Accommodation	-	6,277,597	14,648	-	6,292,246	(4,052,542)	-	(4,052,542)	2,225,055	2,239,704	-
Housing Facilities and Major Projects	-	4,294,397	2,208,986	-	6,503,383	(9,324,670)	-	(9,324,670)	(5,030,273)	(2,821,287)	58,328,553
Human Resources	64,545	-	-	-	64,545	(954,847)	-	(954,847)	(890,302)	(890,302)	-
Information and Communications Technology		-	-	-	-	(612,223)	-	(612,223)	(612,223)	(612,223)	-
Total Council	12,452,608	18,643,774	7,991,423	285,952	39,373,757	(32,107,272)	(605,629)	(32,712,901)	(1,010,891)	6,660,855	221,722,482

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

Year ended 30 June 2024

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2024	2024	2024	2024							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Council and executive leadership team	-	-	-	-	-	(1,947,774)	-	(1,947,774)	(1,947,774)	(1,947,774)	-
Corporate and Communities	102,627	809,713	63,566	-	975,906	(1,206,625)	-	(1,206,625)	(294,285)	(230,719)	-
Engineering	644,429	5,992,673	6,764,649	-	13,401,751	(9,914,704)	-	(9,914,704)	(3,277,602)	3,487,047	129,170,225
Finance	4,538,009	837,748	-	-	5,375,757	(3,603,509)	(212,152)	(3,815,661)	1,772,248	1,560,096	19,263,128
Hospitality and Accommodation	-	5,140,290	-	-	5,140,290	(2,418,598)	-	(2,418,598)	2,721,692	2,721,692	-
Housing Facilities and Major Projects	-	2,532,463	5,080,197	-	7,612,660	(9,362,329)	-	(9,362,329)	(6,829,866)	(1,749,669)	50,472,180
Human Resources	130,097	-	-	-	130,097	(656,425)	-	(656,425)	(526,328)	(526,328)	-
Information and Communications Technology	-	-	-	-	-	(580,925)	-	(580,925)	(580,925)	(580,925)	-
Total Council	5,415,162	15,312,888	11,908,412	-	32,636,462	(29,690,889)	(212,152)	(29,903,041)	(8,962,839)	2,733,421	198,905,533

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

3 Revenue

(a) Levies and charges

Levies and charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid levies and charges are recognised as a financial liability until the beginning of the rating period.

	2025	2024
	\$	\$
Water	1,507,974	1,386,691
Sewerage	779,725	707,124
Garbage charges	722,450	660,399
General service charges	213,560	19,795
	<u>3,223,709</u>	<u>2,774,009</u>

(b) Fees and charges

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Airport landing fees are measured based on the weight of the aircraft and number of passengers, they are recognised net of amount not expected to be recoverable.

Accommodation fees consist of revenues from bookings at Council run Motel and Visitors Accommodation Centre and other accommodation which is not subject to a commercial leasing arrangement. Revenue is recognised at the time of occupancy of the premises (subject to conditions of cancellation policies) and measured at the prices listed in the Fees and Charges Schedule.

Airport landing fees	597,870	567,653
Accommodation fees	3,725,285	3,324,016
Other fees and charges	186,672	298,151
	<u>4,509,827</u>	<u>4,189,820</u>

(c) Sales revenue

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Contract and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. The revenue and the associated costs are recognised by reference to the stage of completion of contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. Council has a number of contracts in progress at year end. The contract work carried out is not subject to retentions.

Rendering of services

Contract works	1,951,900	1,365,856
Other recoverable works	2,566,956	1,318,978
	<u>4,518,856</u>	<u>2,684,834</u>
Sale of goods		
Sale of goods	5,197,808	4,405,896
	<u>5,197,808</u>	<u>4,405,896</u>
Total sales revenue	<u>9,716,664</u>	<u>7,090,730</u>

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

3 Revenue (continued)

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when each performance obligation is satisfied.

Performance obligations vary in each agreement but include events, disability support services, etc. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which are enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

	2025	2024
	\$	\$
(i) Operating		
General purpose grants	11,803,199	4,538,009
State government subsidies and grants	520,989	644,429
Other subsidies and grants	128,420	232,724
	<u>12,452,608</u>	<u>5,415,162</u>

(ii) Capital

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of the existing non-current asset and /or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from lessees.

Commonwealth government subsidies and grants	157,956	451,577
NDRRA / DRFA Funding	4,018,339	3,993,928
State government subsidies and grants	3,815,128	6,361,782
Contributed assets	-	1,101,125
	<u>7,991,423</u>	<u>11,908,412</u>

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations

	2025	2025	2024	2024
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
	\$	\$	\$	\$
Grants, subsidies, contributions and donations	<u>11,552,891</u>	<u>8,891,140</u>	<u>5,265,672</u>	<u>12,057,891</u>

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

4 Interest and Other income

	Notes	2025 \$	2024 \$
a. Interest received			
Interest received from financial institutions		552,605	207,170
		<u>552,605</u>	<u>207,170</u>
b. Other income			
Other Income / (expense)		70,653	96,944
Insurance recoveries		21,719	214,322
		<u>92,372</u>	<u>311,266</u>

5 Capital income

Gain / (loss) on revaluation of 40 year leases	14	285,952	(206,718)
Gain / (loss) on sale of assets		17,963	-
		<u>303,915</u>	<u>(206,718)</u>

6 Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

Staff wages and salaries		10,478,281	9,476,760
Councillors' remuneration		507,832	388,431
Termination benefits		56,038	-
Annual, sick and long service leave entitlements		48,836	278,066
Superannuation	23	1,388,053	1,102,429
		<u>12,479,038</u>	<u>11,245,686</u>
Other employee related expenses		1,105,275	1,164,783
		<u>13,584,313</u>	<u>12,410,470</u>
Less: Capitalised employee expenses		(724,376)	(803,747)
		<u>12,859,937</u>	<u>11,606,723</u>

Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.

Total Council employees at the reporting date:

	2025 Number	2024 Number
Elected members	5	4
Administration staff	26	23
Depot and outdoor staff	89	89
Total full time equivalent employees	<u>120</u>	<u>116</u>

7 Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

Administration expenses	2,722,619	2,525,021
Audit of annual financial statements by the Auditor-General of Queensland*	96,724	141,730
Community and civic expenses	353,472	548,892
Consultants	257,373	550,188
Contract works	319,222	117,437
Contractors	2,542,218	2,283,623
Cost of goods sold	4,147,138	3,675,791
Insurance	749,723	730,908
Management fees and subscriptions	157,694	161,158
Motor vehicle expenses	664,163	489,791
Other materials and services	(480,322)	233,233
Other recoverable works	339,598	130,649
Repairs and maintenance	809,084	614,539
	<u>12,678,706</u>	<u>12,202,960</u>

*Total estimated audit fees quoted by the Queensland Audit Office relating to the 2024-25 financial statements are \$112,000 (2024: \$120,514).

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

8 Finance costs

	2025	2024
	\$	\$
Bank charges	96,443	207,292
Impairment of receivables	141,888	(48,214)
	<u>238,331</u>	<u>159,077</u>

9 Capital expenses

Provision for restoration of landfill

Discount rate adjustment to landfill restoration provision	18	34,034	5,434
		<u>34,034</u>	<u>5,434</u>

Loss on disposal of non-current assets

Capital WIP Write Off		270,000	-
Proceeds from sale of property, plant and equipment		(246,641)	-
Less: carrying value of disposed property, plant and equipment		548,236	-
		<u>571,595</u>	<u>-</u>

Total capital expenses		<u>605,629</u>	<u>5,434</u>
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10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques received but not banked at the year end and deposits held at call with financial institutions.

Cash at bank and on hand	<u>15,322,643</u>	<u>5,735,282</u>
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The Council may be exposed to credit risk through its investments in the QTC Cash Fund or other financial institutions in Australia. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum rating of "A-", therefore the likelihood of the counterparty not having capacity to meet its financial commitments is low.

Unrestricted cash

Cash and cash equivalents	15,322,643	5,735,282
Less: Externally imposed restrictions on cash	(10,869,656)	(4,656,687)
Unrestricted cash	<u>4,452,987</u>	<u>1,078,595</u>

Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use.

(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	10,869,656	4,656,687
Total externally imposed restrictions on cash assets	<u>10,869,656</u>	<u>4,656,687</u>

Trust funds held for outside parties

The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council

Trust funds held for outside parties	<u>-</u>	<u>-</u>
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Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

11 Receivables

Settlement of receivables is required within 30 days after the invoice is issued.

Receivables are measured at amortised cost which approximates fair value at reporting date.

	2025	2024
	\$	\$
Current		
Trade debtors	4,083,817	5,250,130
Other debtors and prepayments	382,295	384,622
Less : Impairment	(1,782,154)	(1,833,976)
GST recoverable	80,704	92,233
	<u>2,764,661</u>	<u>3,893,009</u>

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

The council does not require collateral in respect of respect of trade and other receivables.

Opening balance at 1 July	1,833,976	2,012,626
less: Debts written off during the year	(86,782)	(130,435)
Additional impairments recognised	34,960	(48,214)
Closing balance at 30 June	<u>1,782,154</u>	<u>1,833,976</u>

Trade and other receivables

Council assesses the credit risk before providing goods or services and applies normal business credit protection procedure to minimise the risk.

The council does not require collateral in respect of trade and other receivables.

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	2025	2025	2024	2024
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	\$	\$	\$	\$
Not past due	625,525	-	1,683,065	-
Past due 31-60 days	36,559	-	133,456	-
Past due 61-90 days	42,255	-	95,637	-
More than 90 days	1,396,113	1,782,154	1,214,268	1,833,976
Total gross carrying amount	<u>2,100,453</u>	<u>1,782,154</u>	<u>3,126,425</u>	<u>1,833,976</u>
Loss allowance	-	-	-	-
	<u>2,100,453</u>	<u>1,782,154</u>	<u>3,126,425</u>	<u>1,833,976</u>

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

12 Inventories

Inventories held for distribution are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are goods to be supplied at nil or nominal charge and goods to be used for the provision of services at nil or nominal charge. These goods are valued at cost and adjusted where applicable, for any loss of service potential.

	2025	2024
	\$	\$
Inventories held for distribution		
Bakery	11,448	10,884
Batching Plant	183,349	112,475
Beverage	63,004	9,909
Fuel	188,777	209,446
Mechanical Workshop	202,659	118,700
Warehouse and building materials	773,849	694,263
Total Inventories	1,423,085	1,155,677

13 Contract balances

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer/fund provider prior to the Council transferring a good or service to the customer, the Council presents the funds which exceed revenue recognised as a contract liability.

Council expects to recognise the contract liability as income in the next three years.

	\$	\$
(a) Contract assets	1,055,487	2,558,710
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	10,094,081	3,670,189
Non-capital performance obligations	775,575	986,498
	10,869,656	4,656,687
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds received upfront to construct Council controlled assets	1,091,121	4,254,462
Non-capital performance obligations	674,411	291,623
	1,765,532	4,546,085

(c) Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next one to five years.

(d) Significant changes in contract balances

Significant movements in contract balances have occurred during the year. This was as a result of the timing of payments received from The Queensland Reconstruction Authority. Contract assets were paid and significant prepaid funding flowing into Contract liabilities were received.

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

14 Leases

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components the non-lease components are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

Finance lease:

Council has leased 230 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year is \$1,161. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

There are no unearned finance income and unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the lease.

	2025	2024
	\$	\$
Current		
Finance leases receivable	275,371	267,079
	<u>275,371</u>	<u>267,079</u>
Non-current		
Finance leases receivable	5,663,952	5,653,371
	<u>5,663,952</u>	<u>5,653,371</u>

A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:

Gross minimum lease payments receivable:		
Not later than one year	275,371	267,079
Later than one year but not later than five years	1,101,482	1,068,317
Later than five years	5,743,836	5,835,626
	<u>7,120,689</u>	<u>7,171,023</u>
Add: Estimated contingent rent	2,861,686	3,199,500
Less: Present value adjustment	(4,043,052)	(4,450,073)
Fair value of lease payments	<u>5,939,323</u>	<u>5,920,450</u>

The fair value of lease payments is receivable as follows:

Not later than one year	275,371	267,079
Between one and two years	271,246	263,008
Between two and three years	267,184	258,999
Between three and four years	263,182	255,051
Between four and five years	259,241	251,164
Later than five years	4,603,099	4,625,148
	<u>5,939,323</u>	<u>5,920,450</u>

Movements in finance leases were as follows:

Opening balance	5,920,450	6,379,522
Less: Lease receipts	(267,079)	(252,355)
Add: Gain/(Loss) on revaluation	285,952	(206,718)
Closing balance	<u>5,939,322</u>	<u>5,920,450</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.6% (2024: 2.72%) and a discount rate of 4.16% (2024: 4.31%).

Finance leases are to the State of Queensland, represented by the Department of Housing and Public Works. The likelihood of this counterparty not having the capacity to meet its financial commitments is considered low.

Movements on revaluation of finance lease assets are recognised as other income/expenses.

Mornington Shire Council
Notes to the Financial Statements
for the year ended 30 June 2025

Operating leases:

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to service buildings held as property, plant and equipment in the statement of financial position for strategic purposes and to provide a social service.

Rent from properties is recognised as income on a straight line basis over the lease term.

	2025	2024
	\$	\$
Rental income (excluding variable lease payments not dependent on an index or rate)	<u>548,597</u>	<u>739,894</u>

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

The Council has entered into commercial property leases on some of its buildings. Minimum lease receipts are as follows;

Not later than one year	528,419	513,028
One to five years	976,015	947,588
Later than five years	3,467,515	3,366,520
	<u>4,971,950</u>	<u>4,827,136</u>

Mornington Shire Council

Notes to the financial statements
for the year ended 30 June 2025

15 Property, plant and equipment

30 June 2025

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2024

Additions

Disposals

Contributed assets

Writeback of repaired damage

Revaluation adjustment to asset revaluation surplus

Work in Progress Transfers

Closing gross value as at 30 June 2025

Accumulated depreciation and impairment

Opening gross value as at 1 July 2024

Depreciation expense

Depreciation on disposals

Writeback of repaired damage

Revaluation adjustment to asset revaluation surplus

Write-down of damage as a result of 2024 weather events

Accumulated depreciation as at 30 June 2025

Carrying amount as at 30 June 2025

Range of estimated useful life in years

Note	Buildings	Plant & equipment	Roads and drainage network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	Level 3		Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	73,130,471	10,724,561	84,232,992	38,737,142	10,071,650	25,750,773	8,319,198	250,966,788
	73,666	1,189,238	-	-	-	-	8,167,634	9,430,538
	-	(438,003)	-	-	(762,389)	-	(417,700)	(1,618,092)
	-	-	-	-	-	-	-	-
15 (g)	-	-	(4,016,596)	-	-	-	-	(4,016,596)
19	5,137,165	-	8,345,385	1,387,079	627,077	1,833,781	-	17,330,488
	5,999,495	393,469	4,401,191	-	2,016,970	259,235	(13,070,359)	0.00
	84,340,797	11,869,265	92,962,973	40,124,221	11,953,308	27,843,789	2,998,772	272,093,126
	22,658,291	6,274,259	22,291,474	8,268,898	3,742,620	8,088,842	-	71,324,383
	1,657,735	1,225,022	2,053,202	576,839	185,606	631,893	-	6,330,296
	-	(243,194)	-	-	(408,964)	-	-	(652,158)
15 (g)	-	-	(4,016,596)	-	-	-	-	(4,016,596)
19	1,696,218	-	995,297	317,244	305,264	575,894	-	3,889,917
15	-	-	-	-	-	-	-	-
	26,012,244	7,256,086	21,323,376	9,162,981	3,824,526	9,296,629	-	76,875,842
	58,328,553	4,613,179	71,639,597	30,961,240	8,128,782	18,547,160	2,998,772	195,217,283
	10-100	5-40	12-100	10-100	13-100	4-100	-	-

Mornington Shire Council

Notes to the financial statements
for the year ended 30 June 2025

15 Property, plant and equipment

30 June 2024

Note	Buildings	Plant & equipment	Roads and drainage network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
			Restated					
Basis of measurement	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category	Level 3		Level 3	Level 3	Level 3	Level 3		
Asset values	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2023	65,179,200	10,053,785	79,504,716	36,004,593	9,338,812	23,891,278	4,008,847	227,981,231
Additions	-	1,014,585	-	-	-	55,242	12,417,914	13,487,741
Disposals	-	(779,090)	-	-	-	-	(203,378)	(982,468)
Contributed assets	1,096,767	-	-	-	-	-	-	1,096,767
Writeback of repaired damage	-	-	(3,945,488)	-	-	-	-	(3,945,488)
Revaluation adjustment to asset revaluation surplus	4,225,685	-	4,185,933	2,732,549	732,838	1,452,001	-	13,329,006
Work in Progress Transfers	2,628,820	435,281	4,487,831	-	-	352,253	(7,904,184)	-
Closing gross value as at 30 June 2024	73,130,471	10,724,561	84,232,992	38,737,142	10,071,650	25,750,773	8,319,198	250,966,788
Accumulated depreciation and impairment								
Opening gross value as at 1 July 2023	19,851,916	5,877,247	22,725,067	7,147,928	3,298,746	7,030,468	-	65,931,372
Depreciation expense	1,306,028	1,176,101	1,962,327	523,432	171,556	582,277	-	5,721,721
Writeback of repaired damage	-	(779,090)	-	-	-	-	-	(779,090)
Revaluation adjustment to asset revaluation surplus	-	-	(3,945,488)	-	-	-	-	(3,945,488)
Transfer between classes	1,500,347	-	1,225,241	597,538	272,318	476,097	-	4,071,541
Contributed assets	-	-	-	-	-	-	-	-
Write-down of damage as a result of 2024 weather events	-	-	324,327	-	-	-	-	-
Accumulated depreciation as at 30 June 2024	22,658,291	6,274,259	22,291,474	8,268,898	3,742,620	8,088,842	-	71,324,383
Carrying amount as at 30 June 2024	50,472,180	4,450,302	61,941,519	30,468,244	6,329,031	17,661,931	8,319,198	179,642,405
Range of estimated useful life in years	10-100	5-40	12-100	10-100	13-100	4-100	-	-

Mornington Shire Council

Notes to the financial statements

for the year ended 30 June 2025

15 Property, plant and equipment (continued)

(a) Recognition

The asset capitalisation threshold for Council is:

- Plant and equipment \$ 5,000
- Infrastructure assets \$10,000

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the components of roads.

Capital and operating

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate class of property, plant and equipment.

Deed of Grant in Trust

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the *Land Act 1994*.

The land is administered by the Department of Natural Resources and Mines and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against a capital expense in the statement of comprehensive income.

(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

Mornington Shire Council

Notes to the financial statements

for the year ended 30 June 2025

Mornington Shire Council

15 Property, plant and equipment (continued)

Key judgments and estimates:

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical or physical obsolescence that may change the utility of infrastructure assets.

(d) Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(e) Valuation

Key judgments and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Council engages third party qualified valuers to perform the valuation. The Council works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed within this note.

Mornington Shire Council

Notes to the financial statements

for the year ended 30 June 2025

Mornington Shire Council

(f) Valuation process

Council compares the carrying amount of its property, plant and equipment on an annual basis to current fair value and makes adjustment where these are materially different. Every 5 years, council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes:

- A management valuation using internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets and an appropriate cost index for the region.
- A "desktop" valuation for land and improvements, buildings and plant asset classes which involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

Fair values are classified into three levels as follows:

- Level 1 - fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities
 - Level 2 - Fair value based on inputs that are directly or indirectly observable, such as prices for similar assets, for the asset or liability
 - Level 3 - Fair value based on unobservable inputs for the asset and liability
- There were no transfers between levels during the year.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Mornington Shire Council

Notes to the financial statements

for the year ended 30 June 2025

Mornington Shire Council

15 Property, plant and equipment (continued)

(g) DRFA Capital Works

DRFA funding is received in response to declared natural disaster events which have resulted in significant damage to essential public assets. The expenditure to restore the asset to its pre-disaster condition is treated as a capital addition in the financial year that the work is carried out.

The decrease to the value of the asset as a result of the natural disaster event is treated as follows:

- A downward revaluation adjustment is applied to the revaluation reserve against accumulated depreciation when the write down to the asset value in the financial year the natural disaster event occurred is determined. This adjustment is limited to the revaluation reserve balance for the specific category, and any remaining excess is recognised as a capital expense in the statement of comprehensive income.
- In the year that the restoration work is then carried out, an adjustment is processed to reverse the prior year's adjustment to accumulated depreciation and record a decrease in the replacement cost of the asset, resulting in no movement in the fair value of the asset. The actual costs of the restoration work are then recorded as a capital addition.

Mornington Shire Council

Notes to the financial statements

Financial Statements

16 Fair value measurement

Asset class and fair value hierarchy	Valuation approach	Fair value hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Indexation revaluation adjustment made
Buildings	Current replacement cost	3	30-Jun-23	APV Valuers and Asset Management	Current replacement cost for a modern equivalent asset with a similar service potential - Standardised unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)	Indexation rate for this asset class was determined by APV Valuers and Asset Management with reference to external sources such as AIQS, Rawlinson's, Australian Bureau of Statistics and internal market research and costing data.	An average indexation rate of 7.2% was applied to this asset class, based on information from stated sources for the 12 months to 30 June 2025.
Roads and drainage network	Current replacement cost	3	30-Jun-23	APV Valuers and Asset Management	Current replacement cost for a modern equivalent asset with a similar service potential - Standardised unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)	A comprehensive valuation of the Stormwater Drainage Network was conducted. For the remaining assets in this class an indexation rate was applied, determined by APV Valuers and Asset Management with reference to external sources such as AIQS, Rawlinson's, Australian Bureau of Statistics and internal market research and costing data.	An average indexation rate of 6.5% was applied to this asset class, based on information from stated sources for the 12 months to 30 June 2025. The exception being the Stormwater Drainage Network revaluation which resulted in a increase of 87.5% (\$3.587m).
Water	Current replacement cost	3	30-Jun-23	APV Valuers and Asset Management	Current replacement cost for a modern equivalent asset with a similar service potential - Standardised unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)	Indexation rate for this asset class was determined by APV Valuers and Asset Management with reference to external sources such as AIQS, Rawlinson's, Australian Bureau of Statistics and internal market research and costing data.	An average indexation rate of 3.6% was applied to this asset class, based on information from stated sources for the 12 months to 30 June 2025.
Sewerage	Current replacement cost	3	30-Jun-23	APV Valuers and Asset Management	Current replacement cost for a modern equivalent asset with a similar service potential - Standardised unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)	Indexation rate for this asset class was determined by APV Valuers and Asset Management with reference to external sources such as AIQS, Rawlinson's, Australian Bureau of Statistics and internal market research and costing data.	An average indexation rate of 3.5% was applied to this asset class, based on information from stated sources for the 12 months to 30 June 2025.
Other infrastructure assets	Current replacement cost	3	30-Jun-23	APV Valuers and Asset Management	Current replacement cost for a modern equivalent asset with a similar service potential - Standardised unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)	Indexation rate for this asset class was determined by APV Valuers and Asset Management with reference to external sources such as AIQS, Rawlinson's, Australian Bureau of Statistics and internal market research and costing data.	An average indexation rate of 7.1% was applied to this asset class, based on information from stated sources for the 12 months to 30 June 2025.

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

17 Payables

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

A liability for annual leave is recognised. Short-term benefits which are expected to be wholly settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values, if considered material. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability. This liability represents an accrued expense and is reported as a payable.

	2025	2024
	\$	\$
Current		
Creditors and accruals	3,388,515	4,284,374
Annual leave	609,958	592,775
Payroll liability	302,360	3,015,189
Other payables	154,585	126,215
	<u>4,455,418</u>	<u>8,018,553</u>

18 Provisions

	2025	2024
	\$	\$
Current		
Long service leave	98,625	90,432
	<u>98,625</u>	<u>90,432</u>
Non-current		
Long service leave	185,912	162,452
Landfill restoration	1,539,100	1,505,066
	<u>1,725,012</u>	<u>1,667,518</u>

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability. Otherwise it is classified as non-current.

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

18 Provisions (continued)

Landfill restoration

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the council will have an obligation to rehabilitate the site when the use of the facilities is complete.

Details of movements in refuse restoration provision:

	2025	2024
	\$	\$
Balance at beginning of financial year	1,505,066	1,499,632
Increase (decrease) in provision due to change in discount rate or unit cost	34,034	5,434
Balance at end of financial year	<u>1,539,100</u>	<u>1,505,066</u>

The calculation of the provision uses assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Refuse restoration provision represents the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites.

The expected closure date of the current landfill site has been assessed as at 30 June 2030.

The total projected cost of \$1,539,100 is expected to be incurred between 2036 and 2065. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used, but which are in the current site plan.

19 Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

	2025	2024
	\$	\$
Movements in the asset revaluation surplus were as follows:		
Balance at the beginning of the year	158,459,155	149,526,017
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
- Building	3,440,947	2,725,337
- Roads and drainage network	7,350,089	2,636,365
- Water	1,069,835	2,135,010
- Sewerage	321,813	460,521
- Other infrastructure	1,257,887	975,904
Balance at the end of the year	<u>171,899,726</u>	<u>158,459,155</u>

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

- Building	87,253,918	83,812,971
- Roads and drainage network	41,699,282	34,349,194
- Water	29,490,505	28,420,670
- Sewerage	4,219,055	3,897,241
- Other infrastructure	9,236,966	7,979,079
	<u>171,899,726</u>	<u>158,459,155</u>

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	Note	2025 \$	2024 \$
Net result		6,660,857	2,733,420
Non-cash items:			
Depreciation	15	6,330,296	5,722,129
(Gain) / loss on revaluation of finance leases	14	(285,952)	206,718
Impairment of debtors	11	141,888	(48,214)
		<u>6,186,232</u>	<u>5,880,633</u>
Investing and development activities:			
Capital grants and contributions	3 (d)(ii)	(7,991,423)	(11,908,412)
Disposal of property, plant and equipment	9	571,595	-
		<u>(7,419,828)</u>	<u>(11,908,412)</u>
Changes in operating assets and liabilities:			
(Increase) / decrease in receivables		986,459	(61,130)
(Increase) / decrease in inventory		(267,409)	(133,299)
Increase/(decrease) in payables		(3,563,135)	3,023,381
Increase/(decrease) in contract liabilities		(210,923)	986,498
Increase/(decrease) in other provisions		65,687	85,471
		<u>(2,989,320)</u>	<u>3,900,921</u>
Net cash inflow / (outflow) from operating activities		<u><u>2,437,941</u></u>	<u><u>606,562</u></u>

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

21 Commitment for expenditure

The Council has not entered into any contractual arrangements at the year end which are not recognised in the financial statements.

22 Contingent liabilities

Local Government Mutual

The council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2025 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The council's maximum exposure to the bank guarantee is \$120,000.

23 Superannuation

Council contributes to Brighter Super Regional Defined Benefits Fund (the scheme), at the rate of 12% for each standard permanent employee who is a defined benefit member. This rate is set in accordance with the Brighter Super trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009. The scheme is managed by the Brighter Super trustee.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the Council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Council may be liable to the scheme for a portion of another local governments' obligation should that local government be unable to meet them. However, the risk of this occurring is extremely low and in accordance with the Brighter Super trust deed changes to the Council's obligations will only made on the advice of an actuary.

The last completed triennial actuarial assessment of the scheme was undertaken as at 1 July 2024. The actuary indicated that "At the valuation date of 1 July 2024, the net assets exceeded the vested benefits and the Regional DBF was in a satisfactory financial position." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2027.

The most significant risks that may result in Brighter Super increasing the contribution rate, on the advice of the actuary, are:

- Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	2025 \$	2024 \$
Superannuation contributions made to the Regional Defined Benefits Fund		672,383	585,310
Other superannuation contributions for employees		715,669	517,120
Total superannuation contributions paid by Council for employees:	6	<u>1,388,053</u>	<u>1,102,429</u>

24 Events after the reporting period

There were no material events after the reporting date which require adjustments as at the reporting date.

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

25 Transactions with related parties

(a) Transactions with key management personnel (KMP)

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP comprises:

	2025 \$	2024 \$
Short-term employee benefits	1,676,103	1,354,879
Long-term employee benefits	18,227	3,935
Post-employment benefits	181,452	147,415
	<u>1,875,782</u>	<u>1,506,228</u>

Detailed remuneration disclosures are provided in the annual report. There were no termination benefit payments paid to key management personnel during the financial year.

(b) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

Details of transactions between Council and other related parties are disclosed below:

Details of Transaction	Additional information	2025 \$	2024 \$
Employee expenses for close family members of KMP	(b)(i)	351,604	231,144
Purchases of materials and services from entities controlled by KMP	(b)(ii)	18,756	16,142
Rental income charged to related parties	(b)(iii)	23,460	20,790

(i) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Council employs 191 (2024: 185) staff of which only 6 (2024: 8) are close family members (CFM) of key management

(ii) The Council purchased materials and services from close family members and entities controlled by key management personnel. All purchases were at arm's length and were in the normal course of Council operations.

(iii) Income generated from rental and lease income provided to KMP, close family members of KMP and/or jointly controlled entities of KMP were on arm's length basis and commensurate with similar arrangements with independent individuals and organisations.

Mornington Shire Council
Notes to the financial statements
for the year ended 30 June 2025

25 Transactions with related parties (continued)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2025	2024
	\$	\$
Receivables		
Amounts owed by entities controlled by KMP and CFM		
Current	128	280
Past due 31-60 days	288	-
Past due 61-90 days	2,738	-
More than 90 days overdue	75,518	52,298
Total	<u>78,672</u>	<u>52,578</u>

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(e) Commitments to/from other related parties

Council does not have any commitments to/from related parties.

(f) Transactions with related parties that have not been disclosed

The majority of the entities and people that are related parties of Council live and operate within the Mornington Shire Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include;

- Purchase of fuel and other workshop services
- Purchase of gas bottles and other general store items
- Payment of barge handling and other fees

Council has not included these types of transactions in its disclosures because they are made on the same terms and conditions available to the general public.

Due to the size and location of Mornington Shire Council is one of the primary employers. Therefore, staff members may be identified as close family members of key management personnel.

Mornington Shire Council
Financial statements
for the year ended 30 June 2025

Management Certificate
For the year ended 30 June 2025

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 29 present a true and fair view, in accordance with Australian Accounting Standards, of the council's transactions for the financial year and financial position at the end of the year.



Mayor
Richard Sewter
Date: 31 / 03 / 2026



Chief Executive Officer
Gary Uhlmann
Date: 31 / 03 / 2026

INDEPENDENT AUDITOR'S REPORT

To the councillors of Mornington Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Mornington Shire Council.

The financial report comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2025, and of its financial performance and cash flows for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the **Auditor's responsibilities for the audit of the financial report** section of my report.

I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Mornington Shire Council's annual report for the year ended 30 June 2025 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios (unaudited) and long-term financial sustainability statement (unaudited).

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

- a) I received all the information and explanations I required
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



William Cunningham
as delegate of the Auditor-General

31 March 2026

Queensland Audit Office
Brisbane

Mornington Shire Council
Current-year Financial Sustainability Statement
for the year ended 30 June 2025

Measures of Financial Sustainability

Council's performance at 30 June 2025 against key financial ratios and targets:

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	2.1	2.0	Council paid down amounts owing to the Australian Taxation Office. Going forward council expects liquidity to improve
Operating Performance	Operating Surplus ratio	n/a	(3%)	(20%)	Council relies heavily on grant revenue to remain sustainable. This year showed improvement again the 5 year average with a focus on improved profitability
	Operating Cash Ratio	Greater than 0%	17%	9%	A focus on profitable areas of the council including building services improved profitability
Asset Management	Asset Sustainability Ratio	Greater than 90%	95%	83%	Council relies on Disaster Recovery Funding to sustain its roads infrastructure
	Asset Consumption Ratio	Greater than 60%	73%	65%	This ratio is within the required range

Note 1 - Basis of Preparation

The current year financial sustainability statement is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2025.

Mornington Shire Council
Current-year Financial Sustainability Statement
for the year ended 30 June 2025

Certificate of Accuracy
For the year ended 30 June 2025

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).
In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Mayor
Richard Sewter
Date: 31 / 03 / 2026



Chief Executive Officer
Gary Uhlmann
Date: 31 / 03 / 2026

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mornington Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Mornington Shire Council for the year ended 30 June 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Mornington Shire Council for the year ended 30 June 2025 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2024 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Mornington Shire Council's annual report for the year ended 30 June 2025 was the general purpose financial statements, current year financial sustainability statement – audited ratios, current year financial sustainability statement - contextual ratios (unaudited) and long-term financial sustainability statement (unaudited).

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current-year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current-year financial sustainability statement

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

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

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

- Identify and assess the risks of material misstatement of the statement, 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



William Cunningham
as delegate of the Auditor-General

31 March 2026

Queensland Audit Office
Brisbane

Mornington Shire Council
Current-year Financial Sustainability Statement - Contextual Ratios (unaudited)
for the year ended 30 June 2025

Measures of Financial Sustainability

Council's performance at 30 June 2025 against key financial ratios and targets:

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Contextual Ratios (unaudited)					
Financial Capacity	Council-Controlled Revenue	n/a	25%	28%	This will continue to decrease as Hospitality revenue increases
	Population Growth	n/a	101.31%	-1.27%	Inputs provided by the State showing volatility
Asset Management	Asset Renewal Funding Ratio	n/a	100%	n/a	Council relies on grant funding to renew assets

Note 1 - Basis of Preparation

The current year financial sustainability statement - Contextual Ratio is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2025.

Mornington Shire Council
Current-year Financial Sustainability Statement - Contextual Ratios (unaudited)
for the year ended 30 June 2025

Certificate of Accuracy
For the year ended 30 June 2025

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Mayor

Richard Sewter

Date: 31 / 03 / 2026



Chief Executive Officer

Gary Uhlmann

Date: 31 / 03 / 2026

Mornington Shire Council
Long-Term Financial Sustainability Statement (unaudited)
Prepared as at 30 June 2025

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actuals at 30 June 2025	Projected for the years ended								
				30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034
Financial capacity	Council-Controlled Revenue	n/a	25%	30%	30%	30%	30%	30%	30%	30%	30%	30%
	Population Growth	n/a	101.31%	-0.54%								
Operating Performance	Operating Surplus ratio	n/a	(3%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)
	Operating Cash Ratio	Greater than 0%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	2.1	n/a for long term sustainability ratios								
Asset Management	Asset Sustainability Ratio	Greater than 90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Asset Consumption Ratio	Greater than 60%	73%	60%	60%	60%	60%	60%	60%	60%	60%	60%
	Asset Renewal Funding Ratio	n/a	100%	n/a for long term sustainability ratios								

Morning Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council's financial management strategy is prudent and that its long-term financial forecast shows a sound financial position but both are dependent on on-going State and Commonwealth Government support. Provided this support is ongoing council will be able to meet the community's current and future needs.

**Mornington Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2025**

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2025

The long term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).
In accordance with Section 212(5) of the Regulation we certify that this long term financial sustainability statement has been accurately calculated.



Mayor

Richard Sewter

Date: 31 / 03 / 2026



Chief Executive Officer

Gary Uhlmann

Date: 31 / 03 / 2026



mornington.qld.gov.au