

Snowy Monaro Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Snowy Monaro Regional Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Snowy Monaro Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

81 Commissioner Street
COOMA NSW 2630

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.snowymonaro.nsw.gov.au.

Snowy Monaro Regional Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Management as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Snowy Monaro Regional Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

At 30 June 2023 Council recognised \$3.8B of roads in Note C1-7 of the financial statements. Council was unable to support the completeness and accuracy of these assets on the Statement of Financial Position as at 30 June 2023. This impacts the recorded depreciation expense related to these assets in Note B3-4 and ratios in the Statement of Performance Measures in Notes G6-1 and G6-2.

Apart from the above, the attached General Purpose Financial Statements have been prepared in accordance with:

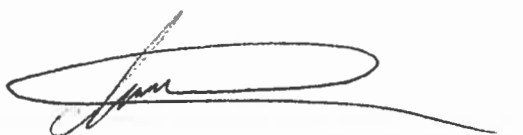
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the *Local Government Code of Accounting Practice and Financial Reporting*.

To the best of our knowledge and belief, these statements:

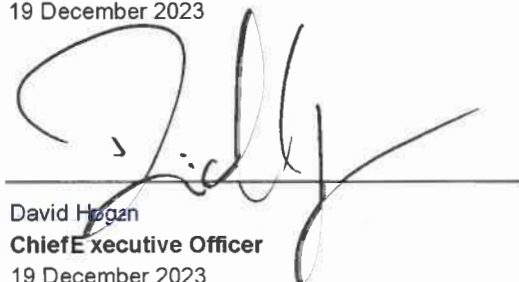
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 30 November 2023.



Chris Hanna
Mayor
19 December 2023



David Hogan
Chief Executive Officer
19 December 2023



Tanya Higgins
Councillor
19 December 2023



Simon Rennie
Responsible Accounting Officer
19 December 2023

Snowy Monaro Regional Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Restated Actual 2022
	Income from continuing operations			
33,992	Rates and annual charges	B2-1	32,536	32,709
17,860	User charges and fees	B2-2	19,675	18,608
363	Other revenues	B2-3	1,645	3,122
28,959	Grants and contributions provided for operating purposes	B2-4	35,607	30,353
88,231	Grants and contributions provided for capital purposes	B2-4	47,431	22,514
1,288	Interest and investment revenue	B2-5	2,814	1,036
1,075	Other income	B2-6	1,055	990
356	Net gain from the disposal of assets	B4-1	—	—
172,124	Total income from continuing operations		140,763	109,332
	Expenses from continuing operations			
30,753	Employee benefits and on-costs	B3-1	33,297	33,182
31,991	Materials and services	B3-2	35,976	32,655
5	Borrowing costs	B3-3	951	669
20,309	Depreciation, amortisation and impairment of non-financial assets	B3-4	23,106	19,991
1,752	Other expenses	B3-5	2,009	1,625
—	Net loss from the disposal of assets	B4-1	629	818
84,810	Total expenses from continuing operations		95,968	88,940
87,314	Operating result from continuing operations		44,795	20,392
87,314	Net operating result for the year attributable to Council		44,795	20,392
(917)	Net operating result for the year before grants and contributions provided for capital purposes		(2,636)	(2,122)

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

Snowy Monaro Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
Net operating result for the year – from Income Statement		44,795	20,392
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of Infrastructure, Property, Plant & Equipment	C1-7	152,354	169,821
Impairment (loss) reversal relating to infrastructure, property, plant and equipment	C1-7	(12,151)	(5,156)
Total other comprehensive income for the year		140,203	164,664
Total comprehensive income for the year attributable to Council		184,998	185,056

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

Snowy Monaro Regional Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	13,923	47,494	38,008
Investments	C1-2	83,000	19,000	17,000
Receivables	C1-4	30,745	21,377	14,927
Inventories	C1-5	1,462	2,313	2,397
Contract assets and contract cost assets	C1-6	596	4,153	–
Other	C1-9	817	703	560
Total current assets		130,543	95,040	72,892
Non-current assets				
Investments	C1-2	4,000	20,000	21,000
Receivables	C1-4	–	–	36
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,585,370	1,406,597	1,225,117
Intangible assets	C1-8	2,799	3,251	3,745
Right of use assets	C2-1	31	53	103
Total non-current assets		1,592,200	1,429,901	1,250,001
Total assets		1,722,743	1,524,941	1,322,893
LIABILITIES				
Current liabilities				
Payables	C3-1	23,260	17,127	9,567
Contract liabilities	C3-2	25,888	19,904	9,090
Lease liabilities	C2-1	17	23	76
Borrowings	C3-3	13	27	297
Employee benefit provisions	C3-4	6,904	7,000	6,855
Total current liabilities		56,082	44,081	25,885
Non-current liabilities				
Lease liabilities	C2-1	17	33	38
Borrowings	C3-3	–	12	58
Provisions	C3-5	34,486	33,655	34,808
Total non-current liabilities		34,503	33,700	34,904
Total liabilities		90,585	77,781	60,789
Net assets		1,632,158	1,447,160	1,262,104
EQUITY				
Accumulated surplus	C4-1	1,238,298	1,193,503	1,173,112
IPPE revaluation reserve	C4-1	393,860	253,657	88,992
Council equity interest		1,632,158	1,447,160	1,262,104
Total equity		1,632,158	1,447,160	1,262,104

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

Snowy Monaro Regional Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		1,191,063	253,762	1,444,825	1,169,772	88,992	1,258,764
Correction of prior period errors	G4-1	2,440	(105)	2,335	3,340	–	3,340
Restated opening balance		1,193,503	253,657	1,447,160	1,173,112	88,992	1,262,104
Restated net operating result for the year		44,795	–	44,795	21,291	–	21,291
Correction of prior period errors	G4-1	–	–	–	(899)	–	(899)
Other comprehensive income							
– Restated gain (loss) on revaluation of infrastructure, property, plant & equipment	C1-7	–	152,354	152,354	–	169,821	169,821
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(12,151)	(12,151)	–	(5,156)	(5,156)
Total comprehensive income		44,795	140,203	184,998	20,391	164,665	185,056
Closing balance		1,238,298	393,860	1,632,158	1,193,503	253,657	1,447,160

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

Snowy Monaro Regional Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
33,992	Rates and annual charges		32,894	32,805
17,860	User charges and fees		17,790	15,754
1,288	Interest received		1,614	1,185
117,190	Grants and contributions		81,327	56,672
–	Bonds, deposits and retentions received		1,903	12
–	Other		3,566	9,615
Payments:				
(30,753)	Payments to employees		(33,260)	(32,958)
(31,991)	Payments for materials and services		(23,027)	(28,157)
(5)	Borrowing costs		(7)	(18)
(1,752)	Other		(11,943)	(4,023)
105,829	Net cash provided from (or used in) operating activities	G1-1	70,857	50,887
Cash flows from investing activities				
Receipts:				
–	Sale of investments		5,800	–
–	Redemption of term deposits		–	9,000
–	Sale of real estate assets		924	–
356	Proceeds from sale of IPPE		384	1,728
Payments:				
–	Purchase of investments		(5,800)	–
–	Acquisition of term deposits		(48,000)	(10,000)
(139,406)	Payments for IPPE		(57,616)	(41,735)
(139,050)	Net cash provided from (or used in) investing activities		(104,308)	(41,007)
Cash flows from financing activities				
Payments:				
–	Repayment of borrowings		(26)	(316)
–	Principal component of lease payments		(94)	(78)
–	Net cash flows from financing activities		(120)	(394)
(33,221)	Net change in cash and cash equivalents		(33,571)	9,486
–	Cash and cash equivalents at beginning of reporting period		47,494	38,008
(33,221)	Cash and cash equivalents at end of reporting period	C1-1	13,923	47,494
–	Investments on hand – end of year ¹	C1-2	87,000	39,000
(33,221)	Total cash, cash equivalents and investments		100,923	86,494

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

Snowy Monaro Regional Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Snowy Monaro Regional Council ("the Council") on 30 November 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Certain comparative figures in the prior period have been reclassified in order to conform to changes in current year presentation.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) landfill remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of the Council.

A1-1 Basis of preparation (continued)

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- general purpose operations
- water service
- sewerage service
- waste service
- Residential Aged Care

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained, to account for all money and property received by the Council in trust, which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the Australian Taxation Office are presented as operating cash flows.

Volunteer services

Council is supported in some of its functions by volunteers. Whilst the support from volunteers is essential to providing these functions, Council has not recognised the income from the receipt of these volunteer services for the following reasons:

- Community Facility Management (Section 355) – the fair value of these services cannot be reliably measured.
- Community Transport – services would not be 'purchased' if not provided voluntarily.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards released during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

There were no adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022 Restated
\$ '000										
Functions or activities										
Community	13,158	16,915	21,971	20,357	(8,813)	(3,442)	9,937	14,827	14,138	117,009
Economy	56,308	31,789	38,236	27,190	18,072	4,599	50,651	472	10,729	57,600
Environment	39,088	30,906	35,721	30,330	3,367	576	11,065	28,157	1,621,749	1,297,445
Leadership	32,209	29,722	40	11,063	32,169	18,659	11,385	9,411	76,127	52,887
Total functions and activities	140,763	109,332	95,968	88,940	44,795	20,392	83,038	52,867	1,722,743	1,524,941

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

To deliver balanced planning across a complex set of needs for the Snowy Monaro region and the community, Council has aligned its Delivery Program and Operational Plan to the business planning principles of the quadruple bottom line: Community, Economy, Environment and Leadership.

These key themes are influenced by a range of factors, including state government legislation and regional priorities, as well as community conversations, the availability of resources and project affordability. Each theme is informed by outcomes and specific strategies to deliver them.

Community - Our communities are welcoming, inclusive and safe; our lifestyle needs are actively considered and planned for; and opportunities exist to enhance our health and social wellbeing.

- Our region's health and wellbeing needs will be met by providing quality health and well-being services that continually support the changing needs of our community, including community support and aged care services. Our recreation, sporting and leisure facilities will encourage our community to engage in active and healthy lifestyles, and our youth will be supported in reaching their full potential.
- Our region's diverse cultural identity will be preserved and celebrated for the richness it brings to our regional identity, and we will foster and support the arts, creative expression and spaces.
- We are committed to being a safe and caring community. We will develop, maintain and promote safe spaces and facilities that are accessible and inclusive, as well as actively foster and encourage positive social behaviours (including law and order).

Economy - We are a vibrant and prosperous community providing opportunities for growth and learning.

- We will attract diverse businesses and industries to the region, and will foster and support their adaptive, sustainable practices. We will capitalise on our proximity to ACT, Victoria and neighbouring NSW regions.
- We are committed to advocating for and promoting education and lifelong learning opportunities, together with providing access to spaces where people can connect and learn.
- We will acknowledge and celebrate the unique heritage and character of our region's towns and villages, and further promote our visitor accommodation and recreational infrastructure.

Environment - Our iconic natural environment and heritage are preserved and enhanced for future generations whilst balancing the needs for regional development and growth.

- We are committed to protecting and enhancing our existing natural environment, and ensuring our water, waste, sewer and stormwater management practices are contemporary, sustainable and efficient.
- We will ensure that plans for rural, urban and industrial development are sensitive to our region's natural environment and heritage. We will improve and maintain our publicly owned infrastructure and facilities, and advocate for a diverse range of housing and accommodation to suit the changing needs of our community.
- Our community will be connected through efficient transportation networks by ensuring our region's transportation corridors are improved and maintained. We are committed to ensuring our region has access to effective telecommunication infrastructure and services.

Leadership - We have contemporary civic leadership and governance that fosters trust and efficiency.

- We are committed to delivering holistic and integrated planning and decision making, and ensuring we implement sound governance practices to conduct Council business. We will advocate to, and work with, other levels of government, community and industry, and manage service delivery in an efficient and sustainable way.
- We will deliver public services and processes in a reliable and efficient way in response to our community's needs, and utilise sound fiscal management practices in pursuing and attracting other sources of revenue.
- Our community will be consulted and encouraged to engage in the development of plans, services and policies. We will ensure that residents have access to timely, relevant and accurate information on issues that affect them, so they feel empowered to participate in shaping the future of our region.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	10,368	10,050
Farmland	5,832	5,727
Business	1,476	1,634
Less: pensioner rebates	(302)	(313)
Rates levied to ratepayers	17,374	17,098
Pensioner rate subsidies received	190	205
Total ordinary rates	17,564	17,303
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	3,562	3,402
Stormwater management services	15	15
Water supply services	2,057	2,853
Sewerage services	7,149	6,929
Waste management services (non-domestic)	2,100	2,120
Less: pensioner rebates	(224)	(232)
Liquid trade waste	112	110
Onsite sewerage system management	99	98
Pensioner annual charges subsidies received:		
– Water	53	58
– Sewerage	49	53
Total annual charges	14,972	15,406
Total rates and annual charges	32,536	32,709

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2023	2022
User charges			
Water supply services	1	5,425	4,717
Sewerage services	1	1,839	1,536
Waste management services (non-domestic)	2	716	669
Total user charges		7,980	6,922
Fees			
Waste disposal tipping fees	2	2,331	2,173
Aged care	1	1,367	1,145
Community services	1	1,107	384
Planning and building regulation	2	1,262	2,068
Cemeteries	2	296	321
RMS – road maintenance (not Council roads)	1	4,281	4,801
Saleyards	2	163	135
Swimming centres	2	95	102
Holiday park fees	2	179	133
Section 10.7 certificates (EP&A Act)	2	122	91
Community Facilities	2	31	29
Section 603 certificates	1	62	78
Sewer fees	2	63	70
Private works- s 67	1	23	60
Animal Control	2	31	29
Inspection Services	2	58	27
Water connection fees	2	2	4
Other	2	42	36
Total fees		11,515	11,686
Town planning	2	180	–
Total other user charges and fees		11,695	11,686
Total user charges and fees		19,675	18,608
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		14,104	9,918
User charges and fees recognised at a point in time (2)		5,571	8,690
Total user charges and fees		19,675	18,608

Accounting policy

Revenue arising from user charges and fees is recognised when or as 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 such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

\$ '000	Timing	2023	2022 Restated
Quarry sales	2	–	11
Insurance rebates	2	89	177
Sales - Landfill	2	124	154
Diesel rebate	2	161	155
Fines – parking	2	192	90
Insurance claims recoveries	2	320	181
Commissions and agency fees	2	74	71
Legal fees recovery – rates and charges (extra charges)	2	332	289
Sales – general	2	56	36
Landfill legacy sites	2	112	1,805
Other	2	185	153
Total other revenue		1,645	3,122
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,645	3,122
Total other revenue		1,645	3,122

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Relating to current year					
Financial assistance – general component	2	2,227	3,712	–	–
Financial assistance – local roads component	2	717	1,498	–	–
Prepayment received in advance for subsequent year					
Financial assistance – general component	2	8,081	5,699	–	–
Financial assistance – local roads component	2	3,631	2,311	–	–
Amount recognised as income during current year		14,656	13,220	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Aged care	2	3,396	2,860	7	453
– Sewerage		–	–	87	–
Bushfire and emergency services	2	–	225	–	–
– Domestic waste management		–	–	166	–
Community care	1	1,349	1,593	–	–
Community transport	1	609	600	–	–
Economic development	1	420	241	8,410	36
Emergency Services Levy Subsidy	2	–	42	–	–
Employment and training programs	2	–	195	79	–
Heritage and cultural	1	–	30	–	–
Library	1	3	96	162	3,250
Noxious weeds	1	425	445	–	–
NSW rural fire services	1	936	512	86	2
Parks, sportsfields and reserves	1	171	–	2,634	972
Public halls		622	–	335	–
Planning and building regulation	1	214	80	–	–
Recreation and culture	1	–	392	618	2,621
Saleyards	1	–	–	262	430
Storm/flood damage	2	2,663	5,569	–	–
Sewerage services	1	4	–	3,798	800
Street lighting	2	50	49	–	–
Stronger Country Communities Fund	1	–	–	–	669
Transport (other roads and bridges funding)	1	6,301	953	20,341	11,195
Transport (roads to recovery)	1	861	550	–	–
Water supplies	1	–	–	2,031	–
Youth services	1	4	9	–	32
Paving		–	–	450	–
Other specific grants	1	129	316	81	209
Tourism		77	–	18	–
Transport for NSW contributions (regional roads, block grant)	1	2,495	2,164	–	–
Other contributions	1	–	1	–	–
Boco Rock Community Fund	1	222	211	–	–
Total special purpose grants and non-developer contributions – cash		20,951	17,133	39,565	20,669
Non-cash contributions					
Drainage		–	–	561	–
Roads and bridges	2	–	–	3,397	105
Sewerage (excl. section 64 contributions)		–	–	701	–
Water supplies (excl. section 64 contributions)	2	–	–	751	170
Total other contributions – non-cash		–	–	5,410	275

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Total special purpose grants and non-developer contributions (tied)		20,951	17,133	44,975	20,944
Total grants and non-developer contributions		35,607	30,353	44,975	20,944
Comprising					
– Commonwealth funding		20,741	19,133	409	3,036
– State funding		10,926	10,935	42,647	17,633
– Other funding		3,940	285	1,919	275
		35,607	30,353	44,975	20,944

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	288	454
S 64 – water supply contributions		2	–	–	1,147	554
S 64 – sewerage service contributions		2	–	–	1,021	562
Total developer contributions – cash			–	–	2,456	1,570
Total developer contributions			–	–	2,456	1,570
Total contributions			–	–	2,456	1,570
Total grants and contributions			35,607	30,353	47,431	22,514
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			14,143	8,595	–	20,303
Grants and contributions recognised at a point in time (2)			21,464	21,758	47,431	2,211
Total grants and contributions			35,607	30,353	47,431	22,514

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent funds at 1 July	7,222	3,691	32,025	20,932
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	6,104	5,528	6,629	4,835
Add: Funds received and not recognised as revenue in the current year	–	–	25,888	14,644
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(6,838)	(1,997)	(5,194)	(403)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(19,904)	(3,830)
Add: Funds not yet received for expenses incurred in the current year	(559)	–	(4,238)	(4,153)
Unspent funds at 30 June	5,929	7,222	35,206	32,025

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include when services are rendered, or on completion of services. 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.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion 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 since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

B2-4 Grants and contributions (continued)

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at 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.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment revenue

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	213	270
– Cash and investments	2,601	766
Total interest and investment income	2,814	1,036

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Other lease income			
Council Owned Properties		884	796
Leaseback fees - council vehicles		171	194
Total other lease income		1,055	990
Total rental income	C2-2	1,055	990
Total other income		1,055	990

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	27,920	26,470
Travel expenses	32	9
Employee leave entitlements (ELE)	2,450	2,920
ELE on-costs	14	216
Superannuation	2,901	2,681
Superannuation – defined benefit plans	90	126
Workers' compensation insurance	1,087	1,692
Payroll & fringe benefit tax	156	132
Training costs (other than salaries and wages)	260	221
Protective clothing	21	21
Vehicle allowance	–	172
Recruitment expenses	93	122
Other	11	31
Total employee costs	35,035	34,813
Less: capitalised costs	(1,738)	(1,631)
Total employee costs expensed	33,297	33,182
Number of 'full-time equivalent' employees (FTE) at year end	332	325

Accounting policy

Employee benefit expense is recognised when the employee has provided services in accordance with their individual employment contract.

Retirement benefit obligations

All Council employees are entitled to benefits on retirement, disability or death in accordance with their employment contract. Council contributes to eligible employees defined benefit plan and defined contribution plan on behalf of its employees.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme. However, sufficient information to account for the plan as a defined benefit is not available, and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to E3-1 for more information.

Capitalised Costs

Council employees provide services to enable Council to deliver various activities to the community. Where an employee is participating in a construction project their employment cost and associated on-costs are capitalised into the total cost of delivering that project.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		5,695	5,136
Contractors		21,512	19,424
Consultants		798	891
Audit Fees	F2-1	175	141
Councillor and Mayoral fees and associated expenses	F1-2	322	311
Advertising		110	131
Bank charges		101	98
Electricity and heating		2,262	1,700
Insurance		1,295	1,217
Postage & Freight		143	103
Printing and stationery		172	203
Street lighting		294	251
Telephone and communications		553	621
Valuation fees		117	111
Motor vehicle registration		180	162
Memberships and subscriptions – other		407	624
Software licences		1,219	866
Legal fees:			
– planning and development		34	79
– debt recovery		348	352
– other		50	81
Expenses from leases of low value assets		189	153
Total materials and services		35,976	32,655
Total materials and services		35,976	32,655

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022 Restated
Interest on leases		5	3
Interest on loans		2	14
Discount adjustment relating to movement in provision for Remediation (Landfills)	C3-5	944	652
Total borrowing costs expensed		951	669

Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2023	2022 Restated
Depreciation and amortisation			
Plant and equipment		1,426	1,741
Office equipment		138	424
Furniture and fittings		79	117
Land improvements (depreciable)		29	29
Infrastructure:	C1-7		
– Buildings – non-specialised		1,404	1,461
– Buildings – specialised		1,230	1,160
– Other structures		294	255
– Roads		7,265	7,030
– Bridges		1,138	1,182
– Footpaths		383	337
– Stormwater drainage		306	288
– Water supply network		4,027	2,138
– Sewerage network		3,034	1,467
– Swimming pools		92	86
– Other open space/recreational assets		281	247
Right of use assets	C2-1	94	70
Other assets:			
– Library books		72	89
– Other		23	38
Reinstatement, rehabilitation and restoration assets:			
– Landfill assets	C3-5,C1-7	1,338	1,337
– Quarry assets	C3-5,C1-7	1	1
Intangible assets	C1-8	452	494
Total gross depreciation and amortisation costs		23,106	19,991
Total depreciation and amortisation costs		23,106	19,991
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Roads		12,151	5,156
Total gross IPPE impairment / revaluation decrement costs		12,151	5,156
Amounts taken through revaluation reserve	C1-7	(12,151)	(5,156)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		23,106	19,991

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Rates and annual charges		75	93
User charges and fees		(71)	16
Interest and investment income		–	2
Total impairment of receivables	C1-4	4	111
Other			
– NSW fire brigade levy		101	98
– NSW rural fire service levy		1,329	995
– NSW state emergency services		56	30
– Other contributions/levies		40	81
– SEWOL		40	38
– South east arts		17	20
– Tourism		63	15
– Community Bushfire Recovery		2	2
– Other		357	235
Total other		2,005	1,514
Total other expenses		2,009	1,625

Accounting policy

Impairment expenses are recognised when identified.

B4 Gains or losses

B4-1 Gain or loss from disposal, replacement and de-recognition of assets

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		17	1,269
Less: carrying amount of property assets sold/written off		–	(786)
Gain (or loss) on disposal		17	483
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		367	442
Less: carrying amount of plant and equipment assets sold/written off		(396)	(409)
Gain (or loss) on disposal		(29)	33
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(1,498)	(1,334)
Gain (or loss) on disposal		(1,498)	(1,334)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		924	–
Less: carrying amount of real estate assets sold/written off		(43)	–
Gain (or loss) on disposal		881	–
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		5,800	9,000
Less: carrying amount of investments sold/redeemed/matured		(5,800)	(9,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(629)	(818)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	33,992	32,536	(1,456)	(4)% U
User charges and fees	17,860	19,675	1,815	10% F
An increase in expected ordered works for RMS on their roads was the main contributor with lesser favourable impacts for sewer discharge fees, water usage fees and aged care fees.				
Other revenues	363	1,645	1,282	353% F
Favourable due to landfill provision adjustment, insurance recoveries and other small sundry items.				
Operating grants and contributions	28,959	35,607	6,648	23% F
Favourable results are mainly due to increased prepayment from 75% to 100% of Financial Assistance grants and the claimed Disaster Recover funding. These funds were utilised to cover the expenses associated with the repairs of the road infrastructure.				
Capital grants and contributions	88,231	47,431	(40,800)	(46)% U
Significant projects in the original budget pertaining to rural roads, swimming pools, and water and sewer infrastructure necessitated a re-evaluation of budget and timing amendments.				
Interest and investment revenue	1,288	2,814	1,526	118% F
The rise in interest rates has positively impacted investment returns.				
Net gains from disposal of assets	356	–	(356)	(100)% U
Other income	1,075	1,055	(20)	(2)% U
Expenses				
Employee benefits and on-costs	30,753	33,297	(2,544)	(8)% U
The process of budgeting for salaries involved estimating the expected number of vacancies in employee positions within the organisational structure. However, it has been determined that these estimates meant the budget was understated.				
Materials and services	31,991	35,976	(3,985)	(12)% U
The increase in expenses is a result of the works that were mandated by RMS and the road repairs needed for disaster recovery. Both of these projects were fully funded.				
Borrowing costs	5	951	(946)	(18,920)% U
Borrowing costs encompassed the discounting impact of future cash outlays for landfill remediation, which was not accounted for in the budget.				
Depreciation, amortisation and impairment of non-financial assets	20,309	23,106	(2,797)	(14)% U

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B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
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The depreciation expense has been increased due to the impacts of water and sewer revaluations and indexing of infrastructure.

Other expenses	1,752	2,009	(257)	(15)%	U
Net losses from disposal of assets	–	629	(629)	∞	U

Statement of cash flows

Cash flows from operating activities	105,829	70,857	(34,972)	(33)%	U
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Cash flows from operating activities are unfavourable due mainly to lower than budgeted capital grants as a result of the revision of timing and project budgets.

Cash flows from investing activities	(139,050)	(104,308)	34,742	(25)%	F
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Favourable cash outflows from investing activities due to the revision of timing and reliability of capital budgets.

Cash flows from financing activities	–	(120)	(120)	∞	U
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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	7,457	2,410
Cash equivalent assets		
– Deposits at call	6,466	45,084
Total cash and cash equivalents	13,923	47,494

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,923	47,494
Balance as per the Statement of Cash Flows	13,923	47,494

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	83,000	4,000	19,000	20,000
Total	83,000	4,000	19,000	20,000
Total financial investments	83,000	4,000	19,000	20,000
Total cash assets, cash equivalents and investments	96,923	4,000	66,494	20,000

Accounting policy

Financial instruments are recognised initially at the date that Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	100,923	86,494
Less: Externally restricted cash, cash equivalents and investments	(73,898)	(71,105)
Cash, cash equivalents and investments not subject to external restrictions	27,025	15,389

External restrictions – included in liabilities

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants – general fund	22,966	19,704
Specific purpose unexpended grants – water fund	1,794	–
Specific purpose unexpended grants – sewer fund	1,128	–
Specific purpose unexpended grants - stronger communities fund	–	200
External restrictions – included in liabilities	25,888	19,904

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	3,527	3,265
Developer contributions – water fund	5,459	4,179
Developer contributions – sewer fund	4,699	3,563
Specific purpose unexpended grants (recognised as revenue) – general fund	1,577	7,306
Specific purpose unexpended grants (recognised as revenue) – water fund	–	573
Water fund	23,703	21,948
Sewer fund	2,751	4,193
Domestic waste management	686	1,149
Snowy River Hostel accommodation bonds	655	1,519
Yallambee Lodge accommodation bonds	3,428	1,740
Crown land reserves	1,390	1,614
Boco rock community reserve	15	31
Kamoto-cooma friendship scholarship fund	46	45
Other	74	76
External restrictions – other	48,010	51,201
Total external restrictions	73,898	71,105

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	27,025	15,389
Less: Internally restricted cash, cash equivalents and investments	(26,960)	(10,956)
Unrestricted and unallocated cash, cash equivalents and investments	65	4,433

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	233	626
Employees leave entitlement	1,483	1,383

continued on next page ...

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2023	2022
Deposits, retentions and bonds	2,563	1,366
Uncompleted works	1,604	810
Waste management	5,887	2,719
Yallambee Lodge building/equipment replacement	271	271
Former Snowy River LGA	551	699
Former Bombala LGA	1,267	1,692
Stronger communities fund Interest	1,390	1,390
Prepayment Financial Assistance Grants ¹	11,711	—
Total internal allocations	26,960	10,956

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

(1) The 100% prepayment of 2023/24 Financial Assistance Grants in June 23 was internally restricted as at 30 June 23. For the previous year the 75% prepayment was not internally restricted.

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	65	4,433

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	7,144	–	7,492	–
Interest and extra charges	1,025	–	650	–
User charges and fees	10,815	–	7,509	–
Accrued revenues				
– Interest on investments	1,150	–	325	–
– Other income accruals	39	–	765	–
Government grants and subsidies	10,055	–	4,213	–
Net GST receivable	837	–	814	–
Total	31,065	–	21,768	–
Less: provision for impairment				
User charges and fees	(320)	–	(391)	–
Total provision for impairment – receivables	(320)	–	(391)	–
Total net receivables	30,745	–	21,377	–

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	391	378
Amounts written off as uncollectible	(76)	(89)
Movement through provision	5	102
Balance at the end of the year	320	391

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Receivables are recognised initially at fair value, and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

C1-4 Receivables (continued)

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	382	–	424	–
Stores and materials	1,049	–	1,862	–
Trading stock	31	–	27	–
Total inventories at cost	1,462	–	2,313	–
Total inventories	1,462	–	2,313	–

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development					
Residential		382	–	424	–
Total real estate for resale		382	–	424	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		382	–	424	–
Total costs		382	–	424	–
Total real estate for resale		382	–	424	–
Movements:					
Real estate assets at beginning of the year		424	–	441	–
– Purchases and other costs		1	–	(17)	–
– WDV of sales (expense)	B4-1	(43)	–	–	–
Total real estate for resale		382	–	424	–

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to make the sale.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	596	—	4,153	—
Total contract assets and contract cost assets	596	—	4,153	—

Contract assets

Work relating to infrastructure grants	596	—	4,153	—
Total contract assets	596	—	4,153	—

Accounting policy

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments/ (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	46,002	–	46,002	31,600	9,315	–	–	–	–	(13,727)	–	–	73,191	–	73,191
Plant and equipment	23,396	(9,670)	13,726	1,814	280	(400)	(1,426)	–	–	60	–	–	24,682	(10,628)	14,054
Office equipment	3,433	(3,070)	363	–	–	–	(138)	–	–	–	–	–	3,433	(3,208)	225
Furniture and fittings	1,207	(972)	235	–	–	–	(79)	–	–	–	(1)	–	1,206	(1,051)	155
Land:															
– Operational land	26,006	–	26,006	–	–	–	–	–	–	–	(453)	11,423	36,976	–	36,976
– Community land	30,576	–	30,576	–	–	(30)	–	–	–	–	453	8,782	39,781	–	39,781
Land improvements – depreciable	1,973	(214)	1,759	59	–	–	(29)	–	–	–	1	89	2,135	(256)	1,879
Infrastructure:															
– Buildings – non-specialised	70,336	(44,201)	26,135	33	144	–	(1,404)	–	–	3,693	18	31,286	98,322	(38,416)	59,906
– Buildings – specialised	61,478	(44,450)	17,028	479	–	–	(1,230)	–	–	736	(17)	24,781	77,133	(35,356)	41,777
– Other structures	12,423	(3,948)	8,475	80	–	–	(294)	–	–	465	(1)	441	13,647	(4,481)	9,166
– Roads	556,320	(193,311)	363,009	8,523	2,339	(983)	(7,261)	(12,151)	–	5,388	1,649	21,118	605,976	(224,345)	381,631
– Bridges	133,075	(55,557)	77,518	840	–	(207)	(1,138)	–	–	460	(1)	4,511	141,442	(59,459)	81,983
– Footpaths	15,623	(7,283)	8,340	276	49	(112)	(383)	–	–	1,081	1	541	17,758	(7,965)	9,793
– Bulk earthworks (non-depreciable)	475,121	–	475,121	1,019	1,008	(2)	–	–	–	61	(1,651)	27,982	503,538	–	503,538
– Stormwater drainage	30,503	(9,692)	20,811	110	561	–	(306)	–	–	17	–	1,048	32,750	(10,509)	22,241
– Water supply network	331,099	(164,180)	166,919	1,754	751	(161)	(4,027)	–	–	–	–	12,545	357,583	(179,802)	177,781
– Sewerage network	179,042	(81,435)	97,607	948	701	–	(3,034)	–	–	1,463	1	7,224	195,696	(90,786)	104,910
– Swimming pools	4,705	(2,008)	2,697	–	–	–	(92)	–	–	–	–	133	4,945	(2,207)	2,738
– Other open space/recreational assets	7,686	(2,776)	4,910	263	–	(2)	(281)	–	–	303	–	237	8,640	(3,210)	5,430
– Other infrastructure	–	–	–	–	–	–	(4)	12,151	(12,151)	–	4	–	–	–	–
Other assets:															
– Library books	1,094	(681)	413	–	76	–	(72)	–	–	–	–	27	1,255	(811)	444
– Other	4,439	(2,073)	2,366	–	–	–	(23)	–	–	–	–	184	4,787	(2,260)	2,527
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Landfill assets	23,013	(6,462)	16,551	–	–	–	(1,338)	–	–	–	–	–	23,014	(7,800)	15,214
– Quarry assets	38	(8)	30	–	–	–	(2)	–	–	–	–	2	40	(10)	30
Total infrastructure, property, plant and equipment	2,038,588	(631,991)	1,406,597	47,798	15,224	(1,897)	(22,561)	–	(12,151)	–	3	152,354	2,267,930	(682,560)	1,585,370

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments/(decrements) to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000													
Capital work in progress	33,239	–	33,239	5,402	8,794	–	–	–	(1,433)	–	46,002	–	46,002
Plant and equipment	21,354	(8,439)	12,915	2,644	–	(409)	(1,741)	–	317	–	23,396	(9,670)	13,726
Office equipment	3,302	(2,646)	656	–	–	–	(424)	–	131	–	3,433	(3,070)	363
Furniture and fittings	1,206	(854)	352	–	–	–	(117)	–	–	–	1,207	(972)	235
Land:													
– Operational land	24,072	–	24,072	46	–	(803)	–	–	–	2,691	26,006	–	26,006
– Community land	25,734	–	25,734	–	–	–	–	–	–	4,842	30,576	–	30,576
Land improvements – depreciable	1,974	(186)	1,788	–	–	–	(29)	–	–	–	1,973	(214)	1,759
Infrastructure:													
– Buildings – non-specialised	62,960	(38,167)	24,793	43	–	–	(1,461)	–	56	2,704	70,336	(44,201)	26,135
– Buildings – specialised	53,381	(38,705)	14,676	1,375	462	(40)	(1,160)	–	2	1,714	61,478	(44,450)	17,028
– Other structures	9,681	(3,257)	6,424	13	1,111	–	(255)	–	7	1,175	12,423	(3,948)	8,475
– Roads	516,682	(167,779)	348,903	290	226	(565)	(7,030)	(5,156)	426	25,915	556,320	(193,311)	363,009
– Bridges	124,504	(51,092)	73,412	95	–	(493)	(1,182)	–	151	5,535	133,075	(55,557)	77,518
– Footpaths	14,488	(6,427)	8,061	18	3	–	(337)	–	–	595	15,623	(7,283)	8,340
– Bulk earthworks (non-depreciable)	441,391	–	441,391	–	43	(238)	–	–	–	33,925	475,121	–	475,121
– Stormwater drainage	28,325	(8,712)	19,613	–	–	–	(288)	–	–	1,486	30,503	(9,692)	20,811
– Water supply network	209,974	(117,551)	92,423	1,749	170	–	(2,138)	–	–	74,715	331,099	(164,180)	166,919
– Sewerage network	145,791	(76,151)	69,640	15,704	–	–	(1,467)	–	228	13,502	179,042	(81,435)	97,607
– Swimming pools	4,169	(1,714)	2,455	49	–	–	(86)	–	–	279	4,705	(2,008)	2,697
– Other open space/recreational assets	6,152	(2,237)	3,915	117	382	–	(247)	–	–	743	7,686	(2,776)	4,910
Other assets:													
– Library books	924	(591)	333	–	54	–	(89)	–	115	–	1,094	(681)	413
– Other	4,439	(2,035)	2,404	–	–	–	(38)	–	–	–	4,439	(2,073)	2,366
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	23,014	(5,126)	17,888	–	–	–	(1,337)	–	–	–	23,013	(6,462)	16,551
– Quarry assets	38	(7)	31	–	–	–	(1)	–	–	–	38	(8)	30
Total infrastructure, property, plant and equipment	1,756,794	(531,676)	1,225,118	27,545	11,245	(2,548)	(19,427)	(5,156)	–	169,821	2,038,588	(631,991)	1,406,597

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	25
Office furniture	5 to 30	Benches, seats etc.	20
Computer equipment	2 to 10		
Vehicles	2 to 8	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	25 to 60
Other plant and equipment	5 to 33	Buildings: other	25 to 60
Water and sewer assets		Stormwater assets	
Water Supply Structures	20 to 100	Pipes	100
Wastewater Structures	20 to 70	Pits	50 to 80
Reticulation pipes: PVC	80	Culverts	80
Reticulation pipes: other	80	Other	30 to 100
Pumps and telemetry	20 to 35		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	25	Bulk earthworks	Infinite
Sealed roads: structure	80 to 120	Swimming pools	50
Unsealed roads	40 to 120	Other open space/recreational assets	10 to 100
Bridge: concrete	120		
Bridge: other	100		
Road pavements	65 to 80		
Kerb, gutter and footpaths	25 to 70		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

C1-7 Infrastructure, property, plant and equipment (continued)

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased, or constructed wholly or from money to the credit of the Fund, is to be vested in the council of the area for, or on behalf of, which the firefighting equipment has been purchased or constructed".

Notwithstanding the above, Council has determined that it does not control Rural Fire Service plant and vehicles, in accordance with SAC 4, AASB 10, and the Framework for the Preparation of Financial Statements. Council therefore does not recognise these assets.

Infrastructure, property, plant and equipment – current year impairments

\$ '000	2023	2022
Impairment losses recognised direct to equity (ARR):		
– Storm damage to road network	12,151	5,156
Total impairment losses	12,151	5,156

Council has recognised a further impairment to its road network relating to storm damage suffered during the February 2022 flood event. The additional impairment being recognised for 2022/23 is \$12.1m. The assessment of the estimated cost of fixing the damage was completed by Transport NSW under the Natural Disaster Recovery program September 2023 and was significantly more than estimated at 30 June 22.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Intangible Assets		
Opening values at 1 July		
Gross book value	4,121	4,121
Accumulated amortisation	(870)	(376)
Net book value – opening balance	3,251	3,745
Movements for the year		
Amortisation charges	(452)	(494)
Closing values at 30 June		
Gross book value	4,121	4,121
Accumulated amortisation	(1,322)	(870)
Total – net book value	2,799	3,251

Accounting policy

Software development costs

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to ten years.

Residential Aged Care - bed licences

Council owns and operates two Residential Aged Care facilities. Bed licences are granted by the Commonwealth Department of Health & Ageing. From 1 July 2024, the Australian Government will abolish bed licences in response to the recommendations of the Final Report of the Royal Commission into Aged Care Quality and Safety (Royal Commission). As a result, the licenses are being amortised over their remaining useful life.

The licences issued by the Department of Health & Ageing are issued for no consideration and are recognised by Council at fair value, if and only if, it is probable that the future economic benefits attributable to the bed licences will flow to Council and the fair value of bed licences can be measured reliably.

C1-9 Other

Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepayments	817	–	703	–
Total other assets	817	–	703	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over Office and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as servers. The leases are for between 1 and 5 years and the payments are fixed.

Extension Options

Included in the leases for office and IT equipment are extension options to provide flexibility and certainty to Council operations and reduce costs. The extension options are at Council's discretion and have not been included in the lease liabilities.

(a) Right of use assets

\$ '000	IT Equipment
2023	
Opening balance at 1 July	53
Additions to right-of-use assets	72
Depreciation charge	(94)
Balance at 30 June	31
2022	
Opening balance at 1 July	103
Additions to right-of-use assets	20
Depreciation charge	(70)
Balance at 30 June	53

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	17	17	23	33

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	18	18	–	36	34
2022					
Cash flows	81	28	–	109	56

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2023	2022
Interest on lease liabilities	5	3
Depreciation of right of use assets	94	70
Expenses relating to low-value leases	189	153
	288	226

C2-1 Council as a lessee (continued)

(e) Statement of Cash Flows

\$ '000	2023	2022
Total cash outflow for leases	62	80
	62	80

Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of Council owned properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

\$ '000	2023	2022
Lease income (excluding variable lease payments not dependent on an index or rate)	1,055	990
Total income relating to operating leases for Council assets	1,055	990

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	492	628
1–2 years	182	555
2–3 years	164	221
3–4 years	110	99
4–5 years	98	95
> 5 years	421	326
Total undiscounted lease payments to be received	1,467	1,924

Accounting policy

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.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

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 for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	2,753	–	2,951	–
Prepaid rates and user charges	1,615	–	1,530	–
Other	460	–	609	–
Accrued expenses:				
– Salaries and wages	579	–	484	–
– Other expenditure accruals	10,501	–	6,914	–
Performance Bonds, Deposits and Retentions:				
- Security bonds, deposits and retentions	3,269	–	1,366	–
- Residential Aged Care accommodation bonds	4,083	–	3,259	–
Advances	–	–	14	–
Total payables	23,260	–	17,127	–

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Performance Bonds, Deposits & Retentions

Residential aged care accommodation bonds become payable by Council on departure by the resident. As Council does not have an unconditional right to defer the refund for 12 months the accommodation bond is disclosed as a current liability.

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	25,888	–	19,904	–
Total grants received in advance		25,888	–	19,904	–
Total contract liabilities		25,888	–	19,904	–

Notes

(i) Council has received funding to construct infrastructure assets. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2023	2022
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continued on next page ...

C3-2 Contract Liabilities (continued)

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	7,447	3,460
Total revenue recognised that was included in the contract liability balance at the beginning of the period	7,447	3,460

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured	13	–	27	12
Total borrowings	13	–	27	12

Current borrowings not anticipated to be settled within the next twelve months

No borrowings, even though classified as current, are not expected to be settled in the next 12 months.

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		2023
\$ '000	Opening Balance	Cash flows	Closing balance
Loans – secured	39	(26)	13
Lease liability (Note C2-1b)	56	(22)	34
Total liabilities from financing activities	95	(48)	47

	2021		2022
\$ '000	Opening Balance	Cash flows	Closing balance
Loans – secured	355	(316)	39
Lease liability (Note C2-1b)	114	(58)	56
Total liabilities from financing activities	469	(374)	95

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	124	115
Total financing arrangements	124	115
Drawn facilities		
– Credit cards/purchase cards	48	29
Total drawn financing arrangements	48	29
Undrawn facilities		
– Credit cards/purchase cards	76	86
Total undrawn financing arrangements	76	86

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans and bank overdrafts

Loans and overdrafts are secured over future cash flows of Council

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	2,384	–	2,563	–
Long service leave	3,181	–	3,091	–
Other leave – TIL and flex	385	–	406	–
ELE on-costs	954	–	940	–
Total employee benefit provisions	6,904	–	7,000	–

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,086	3,053
	5,086	3,053

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current Restated
\$ '000				
Other provisions				
Asset remediation/restoration (future works)	–	34,486	–	33,655
Total provisions	–	34,486	–	33,655

Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

	Other provisions	
	Asset remediation	Total
\$ '000		
2023		
At beginning of year	33,655	33,655
Unwinding of discount	944	944
Remeasurement effects	(113)	(113)
Total other provisions at end of year	34,486	34,486
2022		
At beginning of year	34,808	34,808
Unwinding of discount	652	652
Remeasurement effects	(1,805)	(1,805)
Total other provisions at end of year	33,655	33,655

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

C3-5 Provisions (continued)

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement. Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies, using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	22,381	2,931	7,224
User charges and fees	12,379	5,416	1,880
Interest and investment revenue	1,695	824	295
Other revenues	1,444	179	22
Grants and contributions provided for operating purposes	35,603	–	4
Grants and contributions provided for capital purposes	37,981	3,930	5,520
Other income	1,055	–	–
Total income from continuing operations	112,538	13,280	14,945
Expenses from continuing operations			
Employee benefits and on-costs	28,695	2,534	2,068
Materials and services	27,279	3,664	5,033
Borrowing costs	951	–	–
Depreciation, amortisation and impairment of non-financial assets	15,896	4,127	3,083
Other expenses	1,828	48	133
Net losses from the disposal of assets	477	152	–
Total expenses from continuing operations	75,126	10,525	10,317
Operating result from continuing operations	37,412	2,755	4,628
Net operating result for the year	37,412	2,755	4,628
Net operating result attributable to each council fund	37,412	2,755	4,628
Net operating result for the year before grants and contributions provided for capital purposes	(569)	(1,175)	(892)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	1,345	4,000	8,578
Investments	56,044	26,956	–
Receivables	23,451	3,755	3,539
Inventories	1,462	–	–
Contract assets and contract cost assets	596	–	–
Other	817	–	–
Total current assets	83,715	34,711	12,117
Non-current assets			
Investments	4,000	–	–
Infrastructure, property, plant and equipment	1,272,379	189,145	123,846
Intangible assets	2,799	–	–
Right of use assets	31	–	–
Total non-current assets	1,279,209	189,145	123,846
Total assets	1,362,924	223,856	135,963
LIABILITIES			
Current liabilities			
Payables	22,920	340	–
Contract liabilities	22,966	1,794	1,128
Lease liabilities	17	–	–
Borrowings	13	–	–
Employee benefit provision	6,904	–	–
Total current liabilities	52,820	2,134	1,128
Non-current liabilities			
Lease liabilities	17	–	–
Provisions	34,486	–	–
Total non-current liabilities	34,503	–	–
Total liabilities	87,323	2,134	1,128
Net assets	1,275,601	221,722	134,835
EQUITY			
Accumulated surplus	1,019,306	109,133	109,859
Revaluation reserves	256,294	112,590	24,976
Council equity interest	1,275,600	221,723	134,835
Total equity	1,275,600	221,723	134,835

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of investments, receivables, loans, payable and lease liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Council does not invest in investment products where capital invested is at risk other than by liquidation.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,012	840
Impact of a 10% movement in price of investments		
– Equity / Income Statement	312	80

E1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and outstanding balances in accordance with its debt management policy. Council also encourages ratepayers to pay their rates by the due date through incentives.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

The credit risk for liquid funds and other short-term financial assets is considered low, since the counterparties are reputable banks with high quality external credit ratings.

There has been an increase in the concentration of investment with Council bank provider NAB due to the low interest rate environment. It is not considered a significant increase in credit risk due to the move into a high credit rated financial institution.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	3,532	3,128	484	7,144
2022				
Gross carrying amount	3,788	3,503	201	7,492

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Notes	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2023							
Gross carrying amount		13,505	29	55	36	424	14,049
Expected loss rate (%)		1.53%	4.58%	10.29%	18.17%	23.61%	2.28%
ECL provision		207	1	6	7	100	321
2022							
Gross carrying amount		12,628	66	15	27	532	13,268
Expected loss rate (%)		1.84%	5.62%	12.32%	21.54%	27.61%	2.94%
ECL provision		232	4	2	6	147	391

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended, and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	3,269	20,010	–	–	23,279	23,260
Borrowings	8.07%	13	–	–	–	13	13
Total financial liabilities		3,282	20,010	–	–	23,292	23,273
2022							
Payables	0.00%	1,366	15,761	–	–	17,127	17,127
Borrowings	8.07%	–	27	12	–	39	39
Total financial liabilities		1,366	15,788	12	–	17,166	17,166

E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

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

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

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

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

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

Fair value measurement hierarchy						
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total
		2023	2022 Restated	2023	2022 Restated	2023 2022 Restated
Recurring fair value measurements						
Infrastructure, property, plant and equipment	C1-7					
Plant & Equipment		–	–	14,054	13,726	14,054 13,726
Office Equipment		–	–	225	363	225 363
Furniture & Fittings		–	–	155	235	155 235
Operational Land		36,976	26,006	–	–	36,976 26,006
Community Land		–	–	39,781	30,576	39,781 30,576
Land Improvements		–	–	1,879	1,759	1,879 1,759
Buildings – Specialised		–	–	41,777	17,028	41,777 17,028
Buildings – Non Specialised		59,906	26,135	–	–	59,906 26,135
Other Structures		–	–	9,166	8,475	9,166 8,475
Road infrastructure		–	–	381,631	363,009	381,631 363,009
Bridges		–	–	81,983	77,518	81,983 77,518
Footpaths		–	–	9,793	8,340	9,793 8,340
Bulk Earthworks		–	–	503,538	475,121	503,538 475,121
Stormwater Drainage		–	–	22,241	20,811	22,241 20,811
Water Supply Network		–	–	177,781	166,919	177,781 166,919
Sewerage Network		–	–	104,910	97,607	104,910 97,607
Swimming Pools		–	–	2,738	2,697	2,738 2,697
Other Open Space/Recreational Assets		–	–	5,430	4,910	5,430 4,910
Library Books		–	–	444	413	444 413
Tip Restoration Asset		–	–	15,214	16,551	15,214 16,551
Quarry Restoration Asset		–	–	30	30	30 30
Other Assets		–	–	2,527	2,366	2,527 2,366
Total infrastructure, property, plant and equipment		96,882	52,141	1,415,297	1,308,454	1,512,179 1,360,595

Non-recurring fair value measurements

continued on next page ...

E2-1 Fair value measurement (continued)

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council uses the following processes for the fair valuation of Level 3 Infrastructure, Property, Plant and Equipment:

Plant & Equipment, Furniture & Fittings, Office Equipment, Other Assets - Historical cost less accumulated depreciation.

Community Land - Land values obtained by the NSW Valuer-General.

Specialised Buildings - Valued at Depreciated Replacement Cost by an independent qualified valuer.

Other Structures - Valued at Depreciated Replacement Cost by qualified Council staff.

Roads infrastructure and stormwater assets - Valued at Depreciated Replacement Cost by qualified Council staff.

Water Supply Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Sewerage Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Recreational Assets (other than buildings) - Valued at Depreciated Replacement Cost by qualified Council staff.

Depreciated Replacement Cost is calculated from the current replacement value less the accumulated depreciation to account for the consumption of the service potential of the asset. The asset age is determined from the date of acquisition. If the date is not known, the asset age is determined by estimating the remaining life from an assessment of the asset condition, and subtracting the remaining life from the useful life of the asset.

The Current Replacement Value is the cost of a standard modern asset that would be installed if Council were deprived of the existing asset. Where specific estimates are available, these are used to determine the replacement values. In the absence of detailed estimates, unit rates are obtained from a recognised source and are appropriately factored to reflect the regional location of the asset.

Historical Cost is the cost of assets based on current invoices and contract, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market.

Where appropriate, disposal costs are taken into account when calculating the Depreciated Replacement Cost.

E2-1 Fair value measurement (continued)

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Historical cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	Historical cost	Cost per unit, useful life, residual value, condition of asset
Furniture & Fittings	Historical cost	Cost per unit, useful life, residual value, condition of asset
Community Land	Market value	Valuer General's Valuation
Land Improvements	Depreciated replacement cost	Useful life, residual value, condition of asset
Buildings - Specialised	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Other Structures	Depreciated replacement cost	Cost per unit rates, pattern of consumption, components, useful life, asset condition
Road infrastructure	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Bridges	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Footpaths	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, condition of asset
Bulk Earthworks	Current replacement cost	Cost per sq metre
Stormwater Drainage	Depreciated replacement cost	Unit rates, cost per metre, useful life, condition of asset
Water Supply Network	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Sewerage Network	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Swimming Pools	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Other Open Space/Recreational Assets	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Library Books	Historical cost	Cost per unit, useful life, condition of asset
Landfill Restoration Asset	Depreciated replacement cost	Cost per cubic / square metre, useful life
Quarry Restoration Asset	Depreciated replacement cost	Cost per cubic / square metre, useful life
Other Assets	Depreciated replacement cost	Unit rates, asset condition, useful life

continued on next page ...

E2-1 Fair value measurement (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Level 3 I, PP and E	
	2023	2022 Restated
Opening balance	1,308,455	1,143,014
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	109,645	164,426
Other movements		
Purchases (GBV)	32,402	25,882
Disposals (WDV)	(1,897)	(1,745)
Depreciation and impairment	(3,308)	(23,122)
Closing balance	1,445,297	1,308,455

Highest and best use

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

E3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formula and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are::

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2023 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2021 to 30 June 2023, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$115,340. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$96,911.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.39%

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023

(ii) CivicRisk Mutual

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

continued on next page ...

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,710	1,541
Post-employment benefits	137	120
Total	1,847	1,661

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref					
2023						
Workwear	1	51	1	30 days	–	–
Other	2	5	–	30 days	–	–
2022						
Workwear	1	35	–	30 days	–	–
Other	2	11	–	30 days	–	–

¹ Council has procured workwear from Hip Pocket Workwear. The business is owned by a member of the KMP of Council. Amounts are billed based on market rates for such suppliers and were due and payable under normal payment terms.

² Other minor amounts were paid for goods and services provided by businesses owned by close family members of two Council KMP's. Amounts are billed based on market rates for such suppliers and were due and payable under normal payment terms

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	46	41
Councillors' fees	228	209
Other Councillors' expenses (including Mayor)	48	61
Total	322	311

F2 Other relationships

F2-1 Audit fees

continued on next page ...

Snowy Monaro Regional Council

for the year ended 30 June 2023

\$ '000	2023	2022
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Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	175	141
Total fees paid or payable to the Auditor-General	175	141

Total audit fees	175	141
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	44,795	20,392
Add / (less) non-cash items:		
Depreciation and amortisation	23,106	19,655
(Gain) / loss on disposal of assets	629	818
Non-cash capital grants and contributions	(5,410)	(275)
Unwinding of discount rates on reinstatement provisions	944	249
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(9,296)	(3,188)
Increase / (decrease) in provision for impairment of receivables	(71)	13
(Increase) / decrease of inventories	809	67
(Increase) / decrease of other current assets	(114)	(143)
(Increase) / decrease of contract asset	3,557	(4,153)
Increase / (decrease) in payables	(198)	1,749
Increase / (decrease) in accrued interest payable	–	(1)
Increase / (decrease) in other accrued expenses payable	3,682	6,238
Increase / (decrease) in other liabilities	2,649	(426)
Increase / (decrease) in contract liabilities	5,984	10,814
Increase / (decrease) in employee benefit provision	(96)	145
Increase / (decrease) in other provisions	(113)	(1,067)
Net cash flows from operating activities	70,857	50,887

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Transport Infrastructure	17,204	10,606
Plant and equipment	1,329	88
Water Infrastructure	10,934	2,259
Sewer Infrastructure	671	6,614
Other Infrastructure	9,796	5,555
Waste Infrastructure	209	—
Total commitments	40,143	25,122
These expenditures are payable as follows:		
Within the next year	40,143	25,122
Total payable	40,143	25,122

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

Continuous data cleaning and recent thorough assessments have revealed inaccuracies in the Council's asset register. The comprehensive revaluation conducted in 2023 of our land and buildings identified assets that were overlooked during the previous revaluation in 2018, resulting in their omission from the Council's Asset Register. Additionally, assets not owned by the Council were uncovered during this process. Moreover, an error pertaining to the comprehensive revaluation carried out in 2021/22 was discovered, impacting the water supply network assets.

The revaluation of estimates for the restoration of the Jindabyne landfill has found an error in the calculation. Previously, the remediation requirements were based solely on the current operational area of 3.1 hectares, however it was later found after detailed examination that the site's extent was 7 hectares. Consequently, there has been an underestimation of \$3.7 million in the provision for remediation and the valuation of the landfill asset.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
\$ '000			

continued on next page ...

G4-1 Correction of errors (continued)

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant & equipment	1,218,076	7,041	1,225,117
Total non-current assets	1,242,960	7,041	1,250,001
Total assets	1,315,852	7,041	1,322,893
Provisions	31,107	3,701	34,808
Total non-current liabilities	31,203	3,701	34,904
Total liabilities	57,088	3,701	60,789
Net assets	1,258,764	3,340	1,262,104
Accumulated surplus	1,169,772	3,340	1,173,112
Revaluation reserves	88,992	–	88,992
Total equity	1,258,764	3,340	1,262,104

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant & equipment	1,399,997	6,600	1,406,597
Total non-current assets	1,423,301	6,600	1,429,901
Total assets	1,518,341	6,600	1,524,941
Provisions	29,390	4,265	33,655
Total non-current liabilities	29,435	4,265	33,700
Total liabilities	73,516	4,265	77,781
Net assets	1,444,825	2,335	1,447,160
Accumulated Surplus	1,191,063	2,440	1,193,503
Revaluation reserves	253,762	(105)	253,657
Total equity	1,444,825	2,335	1,447,160

Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Other revenues	3,282	(160)	3,122
Total income from continuing operations	109,492	(160)	109,332
Depreciation, amortisation and impairment of non-financial assets	19,655	336	19,991
Borrowing costs	266	403	669
Total expenses from continuing operations	88,201	739	88,940
Net operating result for the year	21,291	(899)	20,392

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G4-1 Correction of errors (continued)

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Net operating result for the year	21,291	(899)	20,392
Gain (loss) on revaluation of Infrastructure, Property, Plant & Equipment	169,926	(105)	169,821
Other comprehensive income	164,770	(105)	164,664
Total comprehensive income for the year	186,061	(1,004)	185,056

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Roads	540	15	–	–	11	(102)	–	464	–
Parking	39	–	–	–	1	–	–	40	–
Open space	582	1	–	–	12	–	–	595	–
Community facilities	199	171	–	–	11	–	–	381	–
Public parking	9	–	–	–	–	–	–	9	–
Roadworks	468	6	–	–	6	–	–	480	–
Open space and public art	71	7	–	–	2	–	–	80	–
Sport and recreation facilities	71	4	–	–	2	–	–	77	–
Community services and facilities	485	29	–	–	11	–	–	525	–
Shared pathways - Jindabyne area	35	3	–	–	1	–	–	39	–
Shared trails - Jindabyne area	141	11	–	–	3	–	–	155	–
Regional waste management	331	33	–	–	8	–	–	372	–
Bushfire services	81	8	–	–	2	–	–	91	–
S7.11 contributions – under a plan	3,052	288	–	–	70	(102)	–	3,308	–
S7.12 levies – under a plan	27	–	–	–	1	–	–	28	–
Total S7.11 and S7.12 revenue under plans	3,079	288	–	–	71	(102)	–	3,336	–
S7.11 not under plans	185	–	–	–	5	–	–	190	–
S64 contributions	7,743	2,168	–	–	248	–	–	10,159	–
Total contributions	11,007	2,456	–	–	324	(102)	–	13,685	–

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN (former Cooma-Monaro)									
Roads	540	15	—	—	11	(102)	—	464	—
Parking	39	—	—	—	1	—	—	40	—
Open space	582	1	—	—	12	—	—	595	—
Community facilities	199	171	—	—	11	—	—	381	—

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G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Total	1,360	187	—	—	35	(102)	—	1,480	—
CONTRIBUTION PLAN (former Snowy River)									
Public parking	9	—	—	—	—	—	—	9	—
Roadworks	468	6	—	—	6	—	—	480	—
Open space and public art	71	7	—	—	2	—	—	80	—
Sport and recreation facilities	71	4	—	—	2	—	—	77	—
Community services and facilities	485	29	—	—	11	—	—	525	—
Shared pathways – Jindabyne area	35	3	—	—	1	—	—	39	—
Shared trails – Jindabyne area	141	11	—	—	3	—	—	155	—
Regional waste management	331	33	—	—	8	—	—	372	—
Bushfire services	81	8	—	—	2	—	—	91	—
Total	1,692	101	—	—	35	—	—	1,828	—

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER 1 (former Bombala)

Other	27	—	—	—	1	—	—	28	—
Total	27	—	—	—	1	—	—	28	—

G5-3 Contributions not under plans

(former Snowy River)

Community facilities	27	—	—	—	1	—	—	28	—
Kerb and gutter	31	—	—	—	1	—	—	32	—
Voluntary payment agreement	127	—	—	—	3	—	—	130	—
Total	185	—	—	—	5	—	—	190	—

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Restated	Indicators		Benchmark
\$ '000	2023	2023	2022	2021	2020	
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,003)	(2.15)%	(1.37)%	(30.27)%	(1.55)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	93,332					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	57,725	41.01%	51.65%	60.19%	53.91%	> 60.00%
Total continuing operating revenue	140,763					
3. Unrestricted current ratio						
Current assets less all external restrictions	53,351	2.15x	1.72x	2.27x	5.40x	> 1.50x
Current liabilities less specific purpose liabilities	24,768					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	22,054	20.59x	18.31x	(1.18)x	29.80x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,071					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	2,420	5.87%	10.53%	12.94%	12.09%	< 10.00%
Rates and annual charges collectable	41,223					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	100,923	17.72 months	15.83 months	13.02 months	13.88 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	5,696					

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G6-2 Statement of performance measures by fund

	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
\$ '000	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	0.09%	(1.45)%	(12.57)%	1.30%	(9.46)%	(3.16)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	34.61%	43.94%	70.41%	83.83%	63.04%	93.97%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.15x	1.72x	∞	∞	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15.79x	14.92x	∞	2,348.00x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	26.29%	8.55%	0.00%	22.81%	0.00%	14.54%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	13.58 months	4.86 months	56.62 months	79.52 months	13.65 months	33.09 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 23a above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

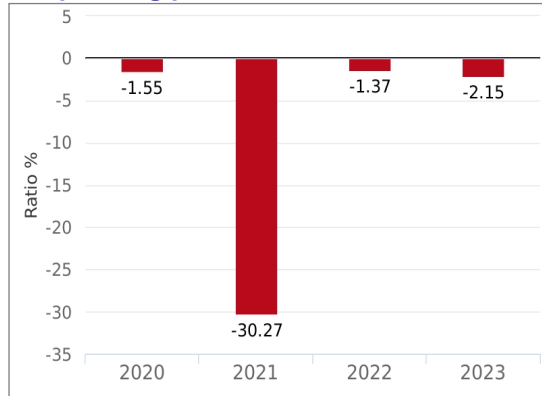
END OF AUDITED FINANCIAL STATEMENTS

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2022/23 result

2022/23 ratio (2.15)%

In 2022/23, there has been a slight rise in the operating deficit, partly due to an increase in non-cash adjustments. These adjustments include the re-valuation of Land and Buildings after a period of 5 years, as well as additional adjustments to remediation costs which led depreciation to exceed the budget by \$2.88 million.

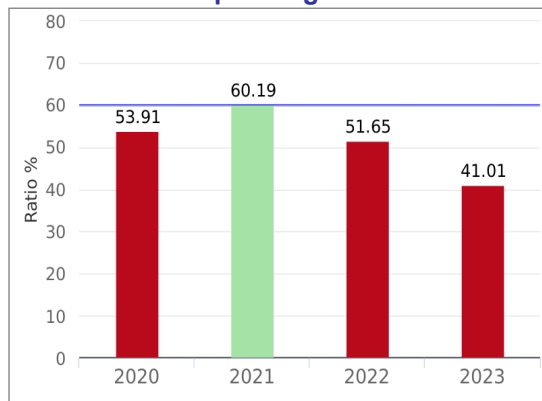
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2022/23 result

2022/23 ratio 41.01%

This ratio is below the benchmark as operating and capital grant income grew by \$30.2M when compared to the previous year. This decreases the % of own source income.

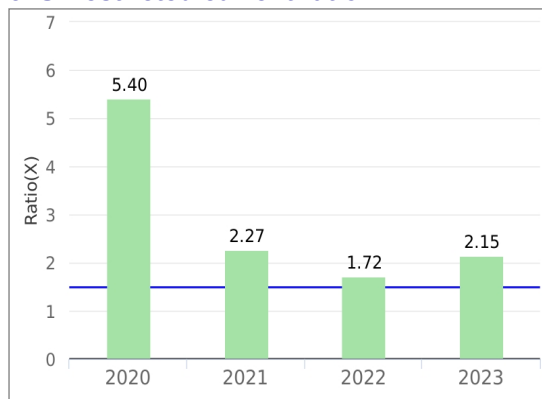
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2022/23 result

2022/23 ratio 2.15x

The unrestricted current ratio has improved since last year and achieves the benchmark.

Benchmark: — > 1.50x

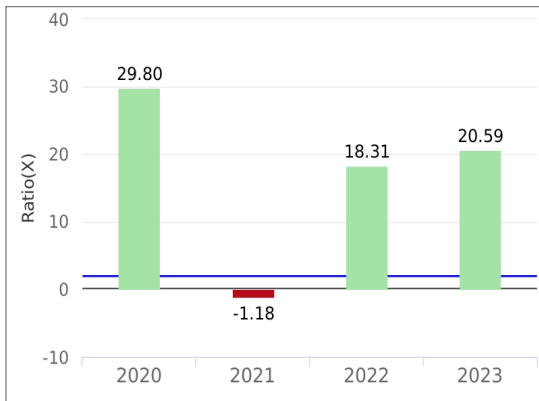
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2022/23 result

2022/23 ratio 20.59x

Council can adequately service its debt which remains at low levels. Cash borrowings are \$13,000.

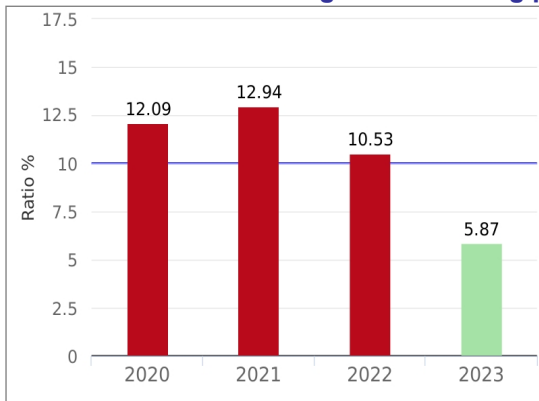
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2022/23 result

2022/23 ratio 5.87%

Debt Management has seen an improvement in uncollected rates.

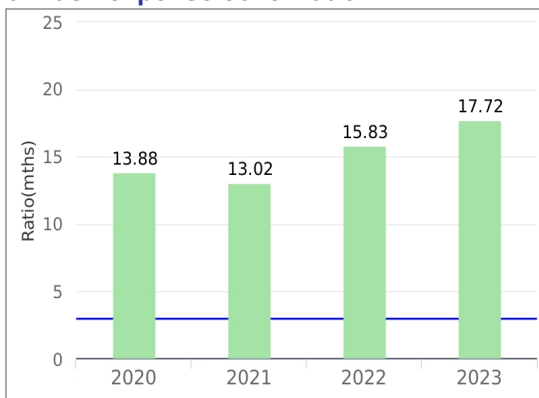
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2022/23 result

2022/23 ratio 17.72 months

The liquidity ratio is sufficient to cover cash expenses and has improved over the previous year.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:**Cooma**

81 Commissioner Street
COOMA NSW 2630

Berridale

2 Myack Street
BERRIDALE NSW 2628

Bombala

71 Caveat Street
BOMBALA NSW 2632

Jindabyne

2/1 Gippsland Street
JINDABYNE NSW 2627

Opening hours:

8:30am - 4:30pm
Monday to Friday

Telephone: 1300 345 345

Email: council@snowymonaro.nsw.gov.au

Internet: www.snowymonaro.nsw.gov.au

Officers**Chief Executive Officer**

David Hogan

Elected members**Mayor**

Chris Hanna

Chief Financial Officer / Responsible Accounting Officer

Simon Rennie

Councillors

Tanya Higgins (Deputy Mayor)

Narelle Davis

Peter Beer

Louise Frolich

Tricia Hopkins

Karlee Johnson

Bob Stewart

Lynda Summers

Craig Mitchell

Luke Williamson

Public Officer

Luke O'Sullivan
Coordinator Governance

Auditors

Audit Office of NSW
Sue Prichard
Director, Financial Audit
Level 19, Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Other information

ABN: 72 906 802 034



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Snowy Monaro Regional Council

To the Councillors of the Snowy Monaro Regional Council

Qualified Opinion

I have audited the accompanying financial statements of Snowy Monaro Regional Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the matters described in the 'Basis for Qualified Opinion' section of my report:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My qualified opinion should be read in conjunction with the rest of this report.

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-7 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

Completeness and accuracy of road assets

Council's road assets, reported as part of its Infrastructure, property, plant and equipment (IPPE) in Note C1-7, are recorded in the Statement of Financial Position at a net carrying value of \$381.6 million. In its Statement by Councillors and Management, Council certified they were unable to provide sufficient and appropriate evidence to support the completeness and accuracy of road assets recorded as part of its IPPE balance as at 30 June 2023. This is a limitation of scope on my audit as I am unable to obtain sufficient appropriate audit evidence to:

- support the carrying value of road assets in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on 'Depreciation, amortisation and impairment of non-financial assets' expense in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' ratio in Note G6-1 and Note G6-2.

Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

Due to the limitations described in the 'Basis for Qualified Opinion' section above, I am unable to conclude whether the other information is materially inconsistent with the financial statements with respect to these matters.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Susan Prichard
Delegate of the Auditor-General for New South Wales

19 December 2023
SYDNEY



Chris Hanna
Mayor
Snowy Monaro Regional Council
PO Box 714
COOMA NSW 2630

Contact: Sue Prichard
Phone no: (02) 8280 5637
Our ref: R008-16585809-48641

19 December 2023

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Snowy Monaro Regional Council

I have audited the general purpose financial statements (GPFS) of the Snowy Monaro Regional Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

The following significant matter came to my attention during my audit:

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the Rural Fires Act 1997 (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by not entering into a service agreement

- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2023 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

Completeness and accuracy of road assets

Council's road assets, reported as part of its Infrastructure, property, plant and equipment (IPPE) in Note C1-7, are recorded in the Statement of Financial Position at a net carrying value of \$381.6 million. In its Statement by Councillors and Management, Council certified they were unable to provide sufficient and appropriate evidence to support the completeness and accuracy of road assets recorded as part of its IPPE balance as at 30 June 2023. This is a limitation of scope on my audit as I am unable to obtain sufficient appropriate audit evidence to:

- support the carrying value of road assets in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on 'Depreciation, amortisation and impairment of non-financial assets' expense in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' ratio in Note G6-1 and Note G6-2.

Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	32.5	32.7	0.5
Grants and contributions revenue	83.0	52.9	57.0
Operating result from continuing operations	44.8	20.4	119.7
Net operating result before capital grants and contributions	(2.6)	(2.1)	24.2

Rates and annual charges revenue (\$32.5 million) decreased by \$0.2 million (0.5 per cent) in 2022–23 due to decrease in water supply charges revenue offset by increases in ordinary rates, domestic waste management service annual charge and sewerage service annual charge.

Grants and contributions revenue (\$83 million) increased by \$30.1 million (57.0 per cent) in 2022–23 due to:

- increase of \$22.7 million in special purpose grants and non-developer contributions
- increase of \$5.1 million in non-cash contributions for subdivision dedications
- increase of \$1.4 million in financial assistance grants
- increase of \$0.9 million in developer contributions recognised during the year.

The Council's operating result from continuing operations (\$44.8 million including depreciation, amortisation and impairment expense of \$23.1 million) was \$24.4 million higher than the 2021–22 result. This was mainly due to revenue increases outlined above, increase in user charges and fees of \$1.1 million (11.3 per cent), and increase in expenses of \$6.9 million (7.8 per cent).

The net operating result before capital grants and contributions (\$2.6 million deficit) was \$0.5 million lower than the 2021–22 result. This was mainly due to the increase in materials and services and depreciation, amortisation and impairment expenses in 2022-23.

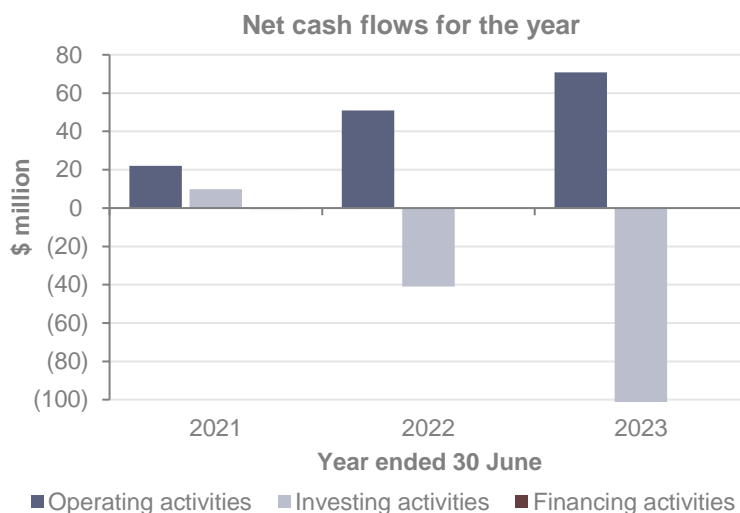
STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of the Council during the year.

Net cash inflows from operating activities increased by \$20 million due to higher receipts of grants and contributions, bonds, deposits and retentions offset by a decrease in other receipts.

Cash flows from investing activities decreased by \$63.3 million due to increase in payments for acquisition of term deposits, purchases of infrastructure, property, plant and equipment and investments offset by a decrease in receipt of term deposits redemption.

Net cash flows from financing activities increased by \$0.3 million mainly due to decrease in repayments of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	100.9	86.5	<ul style="list-style-type: none"> Cash and investments increased by \$14.4 million. Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in Council's externally restricted cash and investments is mainly due to increase in specific purpose unexpended grants for general fund.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	73.9	71.1	
• Internal allocations	27.0	15.4	<ul style="list-style-type: none"> Internal allocations are those cash and investments that Council have allocated by resolution or policy of Council to identified programs of works and any forward plans identified by Council. The increase in internal allocations is mainly due to the inclusion of prepaid financial assistance grant for 2023-24 and increase in waste management allocated funds.

Debt

At 30 June 2023, Council had:

- \$0.01 million in borrowings (2022: \$0.04 million)
- \$0.1 million (2022: \$0.1 million) in credit card facility with \$0.08 million used (2022: \$0.09 million).

PERFORMANCE

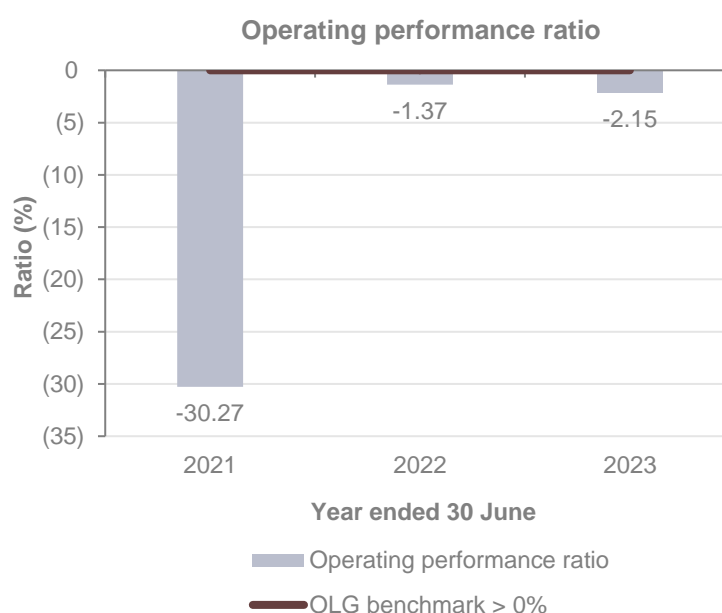
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

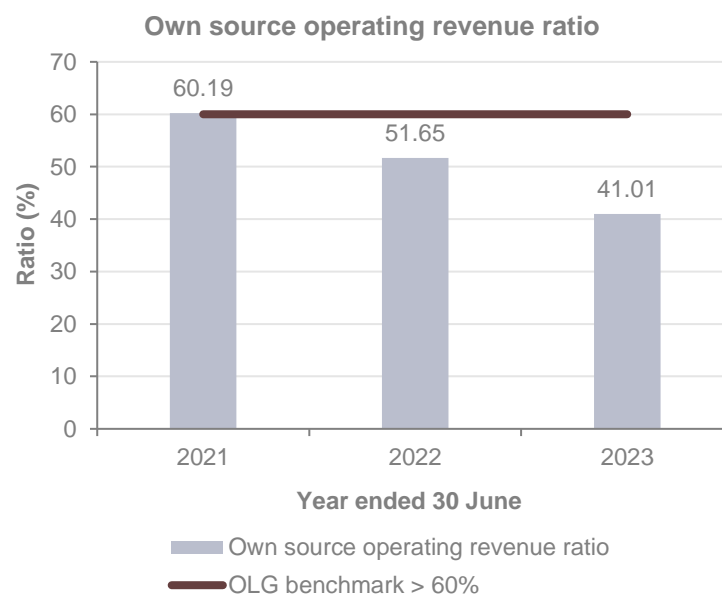
The Council did not meet the benchmark for the current reporting period.



Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

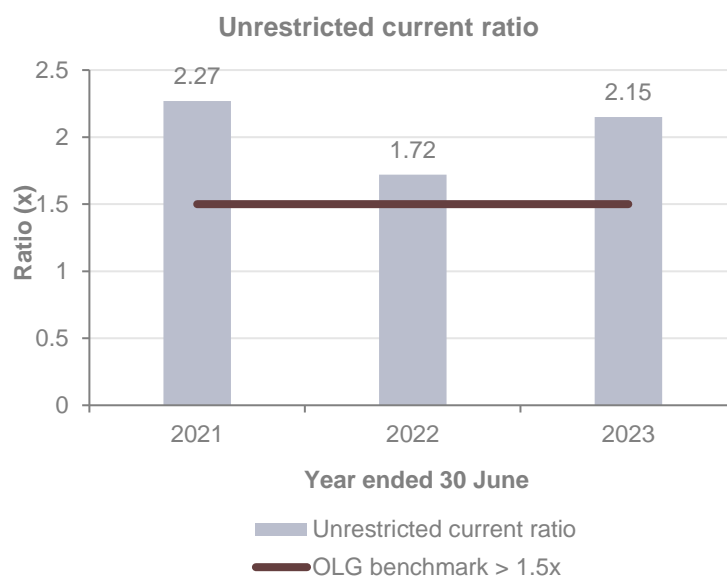
The Council did not meet the OLG benchmark for the current reporting period.



Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

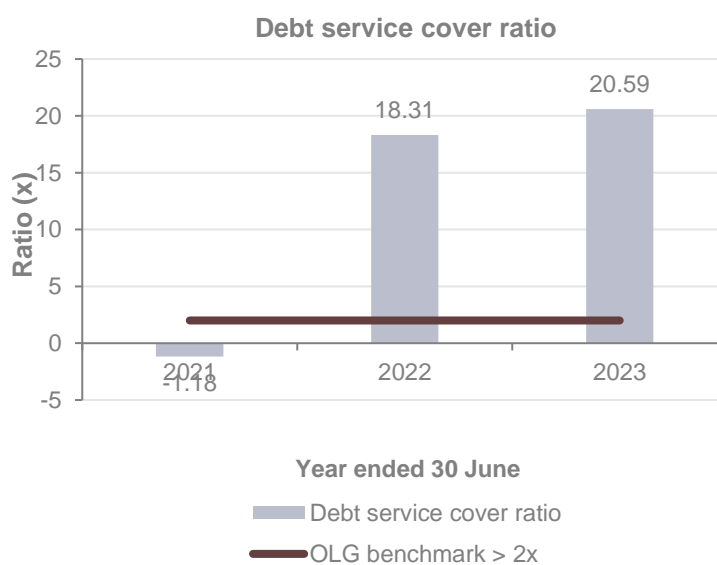
The Council met the OLG benchmark for the current reporting period.



Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

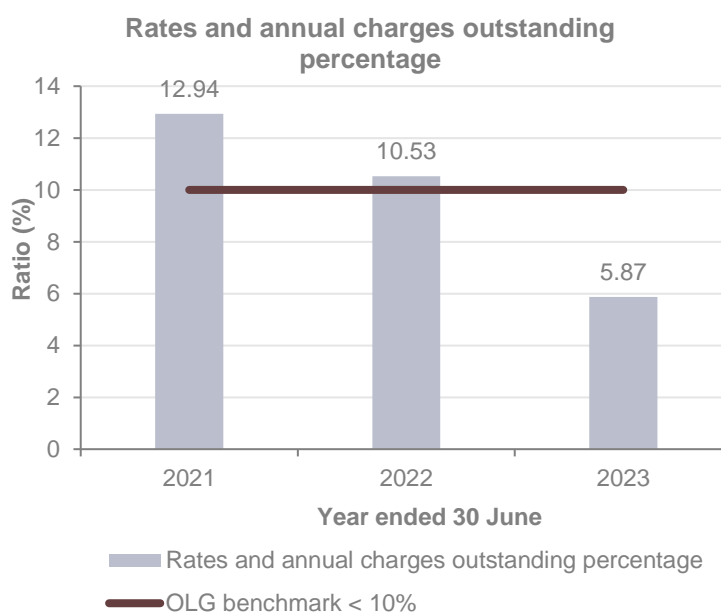
The Council met the benchmark for the current reporting period.



Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

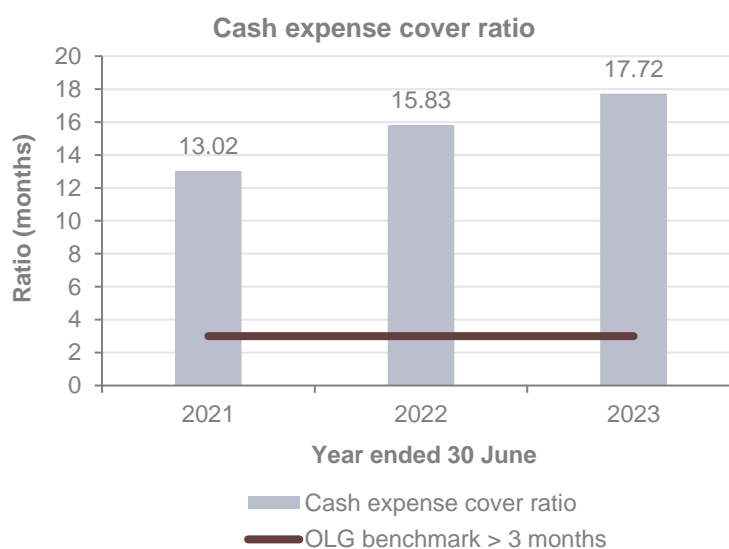
The Council met the benchmark for the current reporting period.



Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council met the benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

Council renewed \$47.8 million of infrastructure, property, plant and equipment during the 2022-23 financial year, compared to \$27.5 million in the prior year.

OTHER MATTERS

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment, and also the completeness and accuracy of road assets, which has been reported in the independent audit report and which will be reported in the final Management Letter.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and effective audit of the GPFS.
- staff provided all accounting records and information relevant to the audit.



Susan Prichard
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

