

Snowy Valleys Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023



Snowy Valleys Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Snowy Valleys Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Snowy Valleys Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
76 Capper St, Tumut

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.svc.nsw.gov.au.

Snowy Valleys Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

The attached General Purpose Financial Statements have been prepared in accordance with:

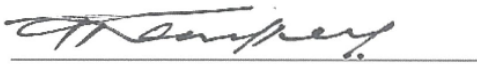
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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.

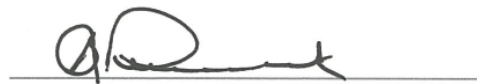
Signed in accordance with a resolution of Council made on 17 October 2023.



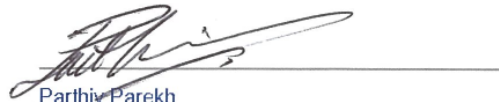
Ian Chaffey
Mayor
30/10/2023



Trina Thomson
Councillor
30/10/2023



Steven Pinnuck
Interim General Manager
30/10/2023



Parthiv Parekh
Responsible Accounting Officer
30/10/2023

Snowy Valleys Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		14,766	(5,967)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	<u>47,056</u>	<u>59,344</u>
Total items which will not be reclassified subsequently to the operating result		47,056	59,344
Total other comprehensive income for the year		47,056	59,344
Total comprehensive income for the year attributable to Council		61,822	53,377

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

Snowy Valleys Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	11,016	4,833
Investments	C1-2	31,500	32,501
Receivables	C1-4	10,920	10,608
Inventories	C1-5	51	45
Other	C1-11	587	509
Total current assets		54,074	48,496
Non-current assets			
Investments	C1-2	1,500	8,000
Receivables	C1-4	11	11
Inventories	C1-5	147	147
Infrastructure, property, plant and equipment (IPPE)	C1-6	769,715	710,966
Investment property	C1-7	350	391
Intangible assets	C1-8	132	290
Total non-current assets		771,855	719,805
Total assets		825,929	768,301
LIABILITIES			
Current liabilities			
Payables	C3-1	5,155	5,473
Contract liabilities	C3-2	10,632	13,837
Borrowings	C3-3	799	1,181
Employee benefit provisions	C3-4	4,692	4,589
Provisions	C3-5	2,155	1,781
Total current liabilities		23,433	26,861
Non-current liabilities			
Borrowings	C3-3	4,274	5,072
Employee benefit provisions	C3-4	385	374
Provisions	C3-5	771	750
Total non-current liabilities		5,430	6,196
Total liabilities		28,863	33,057
Net assets		797,066	735,244
EQUITY			
Accumulated surplus		608,883	594,117
IPPE revaluation reserve		188,183	141,127
Total equity		797,066	735,244

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

Snowy Valleys Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		594,117	141,127	735,244	600,084	81,783	681,867
Net operating result for the year		14,766	–	14,766	(5,967)	–	(5,967)
Other comprehensive income							
– Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	47,056	47,056	–	59,344	59,344
Other comprehensive income		–	47,056	47,056	–	59,344	59,344
Total comprehensive income		14,766	47,056	61,822	(5,967)	59,344	53,377
Closing balance at 30 June		608,883	188,183	797,066	594,117	141,127	735,244

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

Snowy Valleys 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				
<i>Receipts:</i>				
20,768	Rates and annual charges		19,408	18,181
14,891	User charges and fees		27,442	19,803
330	Interest received		868	278
39,609	Grants and contributions		32,378	33,321
–	Bonds, deposits and retentions received		–	319
934	Other		10,241	10,326
<i>Payments:</i>				
(17,494)	Payments to employees		(20,745)	(20,600)
(15,308)	Payments for materials and services		(44,783)	(23,204)
(344)	Borrowing costs		(238)	(347)
–	Bonds, deposits and retentions refunded		(31)	–
(5,789)	Other		(1,758)	(6,525)
37,597	Net cash flows from operating activities	G1-1	22,782	31,552
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		48,253	21,615
–	Sale of real estate assets		554	25
–	Proceeds from sale of IPPE		1,124	728
<i>Payments:</i>				
–	Acquisition of term deposits		(40,752)	(38,000)
–	Purchase of investment property		41	(51)
(43,787)	Payments for IPPE		(24,639)	(23,621)
(43,787)	Net cash flows from investing activities		(15,419)	(39,304)
Cash flows from financing activities				
<i>Payments:</i>				
(1,197)	Repayment of borrowings		(1,180)	(1,316)
(1,197)	Net cash flows from financing activities		(1,180)	(1,316)
(7,387)	Net change in cash and cash equivalents		6,183	(9,068)
–	Cash and cash equivalents at beginning of year		4,833	13,901
(7,387)	Cash and cash equivalents at end of year	C1-1	11,016	4,833
–	plus: Investments on hand at end of year	C1-2	33,000	40,501
(7,387)	Total cash, cash equivalents and investments		44,016	45,334

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

Snowy Valleys 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 Council on 30 October 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) 2005 (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.

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 and investment property.

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) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) estimated landfill and quarry remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4

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.

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

- General purpose operations
- Water service
- Sewerage service
- Domestic Waste Management

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 taxation authority. 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 taxation authority is included with other receivables or payables in the Statement of Financial Position.

A1-1 Basis of preparation (continued)

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 taxation authority, are presented as operating cash flows.

Volunteer services

Council has recognised volunteer services which is included in the financial statements based on the average salary and on costs Council would be required to pay if the services had not been donated.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

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 adopted 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.

Those newly adopted standards did not have an impact on the reported position or performance of Council.

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.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Our Community	7,675	5,181	11,878	8,604	(4,203)	(3,423)	3,215	3,012	15,767	14,627
Our Economy	4,847	2,590	2,588	3,542	2,259	(952)	3,278	1,264	33,254	31,108
Our Environment	21,279	4,086	14,534	5,116	6,745	(1,030)	2,451	981	128,861	121,209
Our Civic Leadership	19,490	18,338	3,579	3,794	15,911	14,544	7,560	7,211	73,704	72,259
Our Infrastructure	38,795	43,358	44,741	58,464	(5,946)	(15,106)	18,384	16,366	574,342	529,098
Other	-	-	-	-	-	-	-	-	1	-
Total functions and activities	92,086	73,553	77,320	79,520	14,766	(5,967)	34,888	28,834	825,929	768,301

B1-2 Components of functions or activities

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

- **Our Community**

The Our Community strategic direction encompasses the activities Council delivers and supports to improve community wellbeing, build resilience and to bring the community together. It includes programs, services and community infrastructure that Council delivers for cultural, recreational and lifelong learning activities.

- **Our Economy**

Our Economy strategic direction focuses on providing services that encourage economic growth and support local businesses and industry. It includes the delivery of services, projects and events that make Snowy Valleys a great place to live and visit.

- **Our Environment**

The Our Environment strategic direction contains the delivery of best practice water, waste water and waste services to contribute to the ongoing sustainability of our community. We protect our natural environment by managing and planning for our growth to minimise impact and advocating for climate change awareness and mitigating action.

- **Our Civic Leadership**

Our Civic Leadership strategic direction centres on Council's actions, advocacy and representation in relation to strategic and long term planning, reporting, governance and customer service. It focuses on making Council's processes more efficient and effective and how Council communicates and consults with the community.

- **Our Infrastructure**

Our Infrastructure includes Council services that plan for, manage, maintain and renew our community infrastructure and transport networks.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	4,707	4,047
Farmland	4,968	4,286
Mining	9	7
Business	922	801
Less: pensioner rebates	(211)	(211)
Rates levied to ratepayers	10,395	8,930
Pensioner rate subsidies received	116	97
Total ordinary rates	10,511	9,027
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,887	2,955
Stormwater management services	38	38
Water supply services	1,595	1,533
Sewerage services	4,440	4,247
Waste management services (not domestic)	534	317
Annual charges levied	9,494	9,090
Pensioner annual charges subsidies received:		
– Water	53	55
– Sewerage	50	51
– Domestic waste management	64	69
Less: Pensioner rebates	(312)	(292)
Total annual charges	9,349	8,973
Total rates and annual charges	19,860	18,000

Council has used 2022 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.

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 only			
Water supply services	2	2,956	3,098
Sewerage services	2	651	756
Trade waste services	2	38	43
Total user charges		3,645	3,897
Fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	11	16
Planning and building - regulatory	2	451	436
Private works – section 67	2	11,058	6,230
Section 10.7 certificates (EP&A Act)	2	44	39
Section 603 certificates	2	31	35
Total fees and charges – statutory/regulatory		11,595	6,756
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	355	243
Library and art gallery	2	8	5
Transport for NSW works (state roads not controlled by Council)	2	8,698	7,254
Swimming centres	2	59	83
Aged related services	2	126	125
Gravel sales	2	106	112
Sporting facilities fees	2	31	37
Waste transfer station fees	2	154	121
Childrens services fees	2	500	463
Community transport	2	84	84
Other	2	95	127
Total fees		10,216	8,654
Total other user charges and fees		21,811	15,410
Total user charges and fees		25,456	19,307
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		25,456	19,307
Total user charges and fees		25,456	19,307

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. There is no material obligation for Council in relation to refunds or returns.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Assets first time recognition	2	–	38
Diesel rebate	2	121	107
Fines	2	5	13
Insurance claims recoveries	2	334	1,118
Legal fees recovery – other		4	30
PY disaster management reimbursement	2	3,199	3,222
Other	2	586	595
Sales – general	2	411	307
Workers compensation rebate	2	98	269
Total other revenue		4,758	5,699

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	4,758	5,699
Total other revenue	4,758	5,699

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

Parking fees and fines are recognised as revenue when the fine has been paid.

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)					
Current year allocation					
Financial assistance – general component	2	1,358	2,436	–	–
Financial assistance – local roads component	2	429	772	–	–
Payment in advance - future year allocation					
Financial assistance	2	7,182	4,931	–	–
Amount recognised as income during current year		8,969	8,139	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Water supplies	2	–	–	–	14
Sewerage services	2	8	11	–	1
Bushfire and emergency services	2	–	2,331	–	2,413
Child care	2	1,536	1,593	–	–
Community care	2	1,747	939	2,749	239
Economic development	2	–	4	–	–
Environmental programs	2	–	64	–	–
Heritage and cultural	2	19	31	–	–
Library	2	101	99	–	–
Noxious weeds	1	58	92	–	–
Recreation and culture	2	–	28	2,026	1,253
Natural disaster	2	5,270	–	2,010	–
Street lighting	2	46	–	–	–
Stronger Communities and Implementation Funding	2	–	16	–	434
Domestic Waste Fund Grant	2	466	–	995	270
Transport (roads to recovery)	2	–	–	805	–
Transport (other roads and bridges funding)	2	410	1,270	1,942	8,504
Previously contributions:					
Bushfire services		422	368	–	–
Recreation and culture	2	–	–	1,463	–
Roads and bridges		–	–	2,304	–
Transport for NSW contributions (regional roads, block grant)	2	1,186	–	–	50
Other contributions	1	71	–	107	–
Other		–	100	–	–
Total special purpose grants and non-developer contributions – cash		11,340	6,946	14,401	13,178
Total special purpose grants and non-developer contributions (tied)		11,340	6,946	14,401	13,178
Total grants and non-developer contributions		20,309	15,085	14,401	13,178
Comprising:					
– Commonwealth funding		10,410	9,317	1,162	66
– State funding		9,655	4,489	12,974	12,750
– Other funding		244	1,279	265	362
		20,309	15,085	14,401	13,178

continued on next page ...

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B2-4 Grants and contributions (continued)

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):						
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	21	82
S 64 – water supply contributions		2	–	–	79	250
S 64 – sewerage service contributions		2	–	–	78	239
Total developer contributions – cash			–	–	178	571
Total developer contributions			–	–	178	571
Total contributions			–	–	178	571
Total grants and contributions			20,309	15,085	14,579	13,749
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			129	92	107	–
Grants and contributions recognised at a point in time (2)			20,180	14,993	14,472	13,749
Total grants and contributions			20,309	15,085	14,579	13,749

continued on next page ...

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 grants and contributions				
Unspent funds at 1 July	4,897	1,182	8,597	8,302
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	487	4,806	4,470	4,363
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(4,892)	(1,091)	(3,046)	(4,068)
Unspent funds at 30 June	492	4,897	10,021	8,597
Contributions				
Unspent funds at 1 July	4,962	4,368	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	282	594	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	5,244	4,962	–	–

Accounting policy

Grants and Contributions - Enforceable agreement with sufficiently specific performance obligations.

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

The performance obligations are varied based on the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets 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.

B2-4 Grants and contributions (continued)

Capital grants

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

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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.

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	44	36
– Cash and investments	1,115	280
Total interest and investment income (losses)	1,159	316

Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

B2-6 Other income

\$ '000	Notes	2023	2022
Other lease income			
Operating Lease Income		1,640	1,318
Leaseback fees - council vehicles		106	79
Total rental income	C2-1	1,746	1,397
Total other income		1,746	1,397

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	16,718	17,464
Employee termination costs	10	39
Travel expenses	6	6
Employee leave entitlements	2,209	1,915
Superannuation	1,863	1,802
Workers' compensation insurance	659	375
FBT	59	61
Payroll tax	51	56
Training costs (other than salaries and wages)	186	258
Protective clothing	8	27
Other	435	230
Total employee costs	22,204	22,233
Less: capitalised costs	(1,049)	(1,410)
Total employee costs expensed	21,155	20,823
Number of 'full-time equivalent' employees (FTE) at year end	201	189

Accounting policy

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

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

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 Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		7,295	6,502
Contractor costs		25,290	15,895
Consultancy costs		1,740	1,710
Audit Fees	F2-1	96	143
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	166	291
Advertising		117	247
Bank charges		133	272
Electricity and heating		1,009	927
Fire control expenses		–	5
Insurance		965	686
Postage		48	57
Printing and stationery		159	136
Repairs and maintenance		74	–
Street lighting		85	(45)
Subscriptions and publications		250	271
Telephone and communications		164	252
Valuation fees		76	72
Travel expenses		37	30
Other expenses		377	292
Council Grant Programs		367	228
Legal expenses:			
– Legal expenses: debt recovery		1	30
– Legal expenses: other		307	89
Total materials and services		38,756	28,090

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022
(i) Interest bearing liability costs		
Interest on loans	282	398
Total borrowing costs expensed	282	398

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
Depreciation and amortisation			
Plant and equipment		1,672	1,722
Office equipment		26	26
Furniture and fittings		1	1
Other Assets - Library Collection		–	–
Infrastructure:			
	C1-6		
– Buildings – non-specialised		1,197	1,037
– Buildings – specialised		467	405
– Other structures		447	386
– Roads		3,674	3,228
– Bridges		658	585
– Footpaths		240	216
– Other road assets		290	260
– Stormwater drainage		498	455
– Water supply network		980	1,276
– Sewerage network		1,039	1,436
– Other open space/recreational assets		431	380
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	171	54
– Quarry assets	C3-5,C1-6	–	82
Intangible assets	C1-8	158	158
Total depreciation and amortisation costs		11,949	11,707
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-6		
– Water supply network		–	14,811
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	14,811
Total depreciation, amortisation and impairment for non-financial assets		11,949	26,518

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. Useful lives are included in Note C1-6 for IPP&E assets and Note C1-8 for intangible assets.

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 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	2023	2022
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	746	560
– Other contributions/levies	383	317
– Donations, contributions and assistance to other organisations	131	60
– Tumut Visitor Centre	233	172
Total other expenses	1,493	1,109

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(102)	(17)
Gain (or loss) on disposal		(102)	(17)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		1,124	728
Less: carrying amount of plant and equipment assets sold/written off		(959)	(515)
Gain (or loss) on disposal		165	213
Gain (or loss) on disposal of infrastructure			
	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(4,313)	(2,809)
Gain (or loss) on disposal		(4,313)	(2,809)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		554	25
Less: carrying amount of real estate assets sold/written off		11	6
Gain (or loss) on disposal		565	31
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		48,253	21,615
Less: carrying amount of term deposits sold/redeemed/matured		(48,253)	(21,615)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(3,685)	(2,582)

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 16 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	20,768	19,860	(908)	(4)% U
User charges and fees	15,141	25,456	10,315	68% F
Private works and RMCC routine maintenance income greater than expected.				
Other revenues	934	4,758	3,824	409% F
Disaster recovery emergency work related to flood has budget omission. Additional income recognised related to fleet workshop and related to the emergency works for fire and flood damages.				
Operating grants and contributions	10,800	20,309	9,509	88% F
EPA grants receipts for bushfire green waste cleanup was received during FY 2023. Financial Assistance Grants was received in advance. Additional grant funding from transport NSW and other federal funded road grants were recognised during the financial year.				
Capital grants and contributions	28,809	14,579	(14,230)	(49)% U
Aerodrome project did not progress as originally budgeted due approval delays and other technical difficulties. Emergency Evacuation Centre project did not progress as budgeted.				
Interest and investment revenue	330	1,159	829	251% F
Interest earned on investment was higher than expected due to higher interest rates.				
Other income	-	1,746	1,746	∞ F
Lease income Caravan Park and other buildings budgeted elsewhere (User charges and Fees)				
Reversal of revaluation decrements / impairment of IPP&E previously expensed	-	4,219	4,219	∞ F

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B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	17,244	21,155	(3,911)	(23)% U
Unbudgeted employee "On Cost" expenses offsets against the saving from vacant positions.				
Materials and services	14,808	38,756	(23,948)	(162)% U
EPA bushfire green waste cleanup, AGRN 1034 natural disaster recovery works offset against the operating grants and contribution income. Solid waste management operation has material expenses higher than budgeted. Cost of additional non-budgeted works including private works and RMCC ordered works offset against unbudgeted User Fees and Charges income.				
Borrowing costs	344	282	62	18% F
Borrowing costs overbudgeted.				
Depreciation, amortisation and impairment of non-financial assets	10,984	11,949	(965)	(9)% U
Other expenses	5,789	1,493	4,296	74% F
Budgeted other expense charged through materials and services.				
Net losses from disposal of assets	-	3,685	(3,685)	∞ U
Disposal of assets is a capital item and not budgeted for unless contained in the operational plan.				

Statement of cash flows

Cash flows from operating activities	37,597	22,782	(14,815)	(39)% U
Actual cash flows from operating activities is \$22.8m, ~\$15m lower than budgeted \$37.6m. The major contributor is Payments from material and services expense which were highly underbudgeted in original approved budget due to additional work related to emergency works identified later during the financial year.				
Cash flows from investing activities	(43,787)	(15,419)	28,368	(65)% F
Council's total spending on capital projects is less than budgeted due to council did not have enough resources available to complete the budgeted capital works. Emergency works has diverted some of the council resources.				
Cash flows from financing activities	(1,197)	(1,180)	17	(1)% F

B6 Material Income Statement items

B6-1 Material Income Statement items

Material reversal of revaluation decrements on IPPE previously expensed

\$ '000	2023	2022
Infrastructure:		
– Water supply network	4,219	–
Total material reversal of revaluation decrements on IPPE previously expensed	4,219	–
Total material reversal of revaluation decrements on IPPE previously expensed	4,219	–

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,145	1,255
Cash equivalent assets		
– Deposits at call	9,871	3,578
Total cash and cash equivalents	11,016	4,833

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,016	4,833
Balance as per the Statement of Cash Flows	11,016	4,833

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	31,500	1,500	32,501	8,000
Total financial investments	31,500	1,500	32,501	8,000
Total cash assets, cash equivalents and investments	42,516	1,500	37,334	8,000

Accounting policy

Financial instruments are recognised initially on the date that the 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.

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.

C1-2 Financial investments (continued)

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	44,016	45,334
Less: Externally restricted cash, cash equivalents and investments	<u>(35,502)</u>	<u>(37,663)</u>
Cash, cash equivalents and investments not subject to external restrictions	8,514	7,671
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>10,509</u>	13,248
External restrictions – included in liabilities	10,509	13,248
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	486	454
Developer contributions – water fund	1,723	1,622
Developer contributions – sewer fund	3,036	2,885
Water fund	6,893	6,497
Sewer fund	10,908	9,861
Domestic waste management	1,250	2,378
Retirement village	535	565
Specific purpose contributions	49	49
Urban stormwater	113	104
External restrictions – other	24,993	24,415
Total external restrictions	35,502	37,663

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	8,514	7,671
Less: Internally restricted cash, cash equivalents and investments	(8,409)	(7,196)

continued on next page ...

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

\$ '000	2023	2022
Unrestricted and unallocated cash, cash equivalents and investments	105	475
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Aboriginal brungle reserve PW	45	45
Adelong showground reserve	10	10
Batlow literary institute	51	51
Camp hudson	73	73
Caravan park	10	80
Carry over works	448	1,305
Community services	314	312
Community Transport	1,123	1,056
Contingencies	250	250
Employees leave entitlement	2,122	1,633
Insurance (risk management)	100	100
IT	96	96
Legal	50	50
Life long learner	2	2
Plant and vehicle replacement	1,547	382
Project development	480	-
Quarry rehab and capital works	1,215	1,274
Saleyards	8	37
Scholarship	6	6
Security deposits	72	50
Swimming pools	147	147
Talbingo reserve	120	120
Telecentre	29	26
Television translator/radio	32	32
Third age group	3	3
Tumut boys club	44	44
Youth council	12	12
Total internal allocations	8,409	7,196

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	105	475

C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	933	11	656	11
Interest and extra charges	104	–	85	–
User charges and fees	6,001	–	6,501	–
Accrued revenues				
– Interest on investments	437	–	165	–
– Other income accruals	3,445	–	2,969	–
Net GST receivable	–	–	232	–
Total	10,920	11	10,608	11
Total net receivables	10,920	11	10,608	11

Accounting policy

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.

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.

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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	30	147	19	147
Stores and materials	21	–	26	–
Total inventories	51	147	45	147

(i) Other disclosures

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development					
Residential		30	147	19	147
Total real estate for resale		30	147	19	147

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs		30	147	19	147
Total costs		30	147	19	147
Total real estate for resale		30	147	19	147

Movements:

Real estate assets at beginning of the year		19	147	13	147
– WDV of sales (expense)	B4-1	11	–	6	–
Total real estate for resale		30	147	19	147

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 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	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 P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	12,211	–	12,211	8,541	–	–	–	–	(167)	–	–	–	20,585	–	20,585
Plant and equipment	23,564	(10,130)	13,434	150	2,322	(825)	(1,672)	–	946	(428)	–	–	24,357	(10,430)	13,927
Office equipment	182	(126)	56	–	–	–	(26)	–	1	–	–	1	190	(158)	32
Furniture and fittings	9	(7)	2	–	–	–	(1)	–	2	–	–	–	11	(8)	3
Land:															
– Operational land	9,767	–	9,767	–	–	–	–	–	(1)	3,520	–	53	13,339	–	13,339
– Community land	18,873	–	18,873	–	120	(99)	–	–	–	(3,520)	–	61	15,435	–	15,435
Infrastructure:															
– Buildings – non-specialised	57,030	(25,834)	31,196	249	–	(18)	(1,197)	–	(242)	179	–	835	59,102	(28,100)	31,002
– Buildings – specialised	20,999	(7,995)	13,004	454	–	(18)	(467)	–	(146)	(302)	–	960	22,956	(9,471)	13,485
– Other structures	13,797	(5,861)	7,936	379	445	(3)	(447)	–	47	(54)	–	679	15,855	(6,873)	8,982
– Roads	207,008	(59,977)	147,031	5,872	10	(1,129)	(3,674)	–	(436)	114	–	12,070	227,816	(67,958)	159,858
– Bridges	74,716	(26,348)	48,368	2,528	10	(460)	(658)	–	91	394	–	4,004	83,170	(28,893)	54,277
– Footpaths	18,895	(4,396)	14,499	40	–	–	(240)	–	–	–	–	1,208	20,535	(5,028)	15,507
– Kerb and gutter	32,735	(9,950)	22,785	155	–	(23)	(290)	–	(95)	–	–	1,903	35,526	(11,091)	24,435
– Other road assets (including bulk earthworks)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Bulk earthworks (non-depreciable)	227,321	–	227,321	1,739	–	(2,480)	–	–	–	–	–	19,110	245,690	–	245,690
– Stormwater drainage	52,268	(17,253)	35,015	–	–	(3)	(498)	–	–	–	–	2,923	56,690	(19,253)	37,437
– Water supply network	101,972	(72,485)	29,487	266	–	(97)	(980)	4,219	–	–	(1,252)	–	110,712	(79,069)	31,643
– Sewerage network	106,344	(47,378)	58,966	416	–	(17)	(1,039)	–	–	–	–	4,465	114,879	(52,088)	62,791
– Other open space/recreational assets	24,651	(5,110)	19,541	477	22	(205)	(431)	–	–	97	–	36	24,924	(5,387)	19,537
Other assets:															
– Library books	25	(23)	2	–	–	–	–	–	–	–	–	–	25	(23)	2
Reinstatement, rehabilitation and restoration assets (refer Note 16):															
– Tip assets	726	(190)	536	–	15	–	(55)	–	–	–	–	–	742	(246)	496
– Quarry assets	1,232	(296)	936	–	432	–	(116)	–	–	–	–	–	1,664	(412)	1,252
Total infrastructure, property, plant and equipment	1,004,325	(293,359)	710,966	21,266	3,376	(5,377)	(11,791)	4,219	–	–	(1,252)	48,308	1,094,203	(324,488)	769,715

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

continued on next page ...

C1-6 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	Revaluation -on decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation -on decrements to equity (ARR)	Revaluation -on increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	3,876	–	3,876	10,858	–	–	–	–	(2,523)	–	–	–	12,211	–	12,211
Plant and equipment	21,656	(9,340)	12,316	2,187	824	(486)	(1,722)	–	138	–	–	177	23,564	(10,130)	13,434
Office equipment	177	(98)	79	–	–	–	(26)	–	–	–	–	3	182	(126)	56
Furniture and fittings	10	(7)	3	–	–	–	(1)	–	–	–	–	–	9	(7)	2
Land:															
– Operational land	7,678	–	7,678	70	–	(33)	–	–	–	–	–	2,052	9,767	–	9,767
– Community land	13,719	–	13,719	–	–	–	–	–	–	–	–	5,154	18,873	–	18,873
Infrastructure:															
– Buildings – non-specialised	49,697	(21,550)	28,147	267	66	(81)	(1,037)	–	9	–	–	3,825	57,030	(25,834)	31,196
– Buildings – specialised	18,418	(6,608)	11,810	78	–	(12)	(405)	–	14	–	–	1,519	20,999	(7,995)	13,004
– Other structures	12,513	(4,827)	7,686	38	23	(13)	(386)	–	10	(314)	–	892	13,797	(5,861)	7,936
– Roads	182,345	(52,469)	129,876	6,991	115	(2,170)	(3,228)	–	1,820	241	–	13,386	207,008	(59,977)	147,031
– Bridges	67,723	(23,706)	44,017	917	–	(606)	(585)	–	–	–	–	4,625	74,716	(26,348)	48,368
– Footpaths	16,863	(3,752)	13,111	13	15	–	(216)	–	230	–	–	1,346	18,895	(4,396)	14,499
– Bulk earthworks (non-depreciable)	202,903	–	202,903	527	67	–	–	–	197	–	–	23,627	227,321	–	227,321
– Stormwater drainage	47,605	(15,374)	32,231	187	116	(17)	(455)	–	75	–	–	2,878	52,268	(17,253)	35,015
– Water supply network	78,920	(32,343)	46,577	–	–	–	(1,276)	(14,811)	–	8	(1,011)	–	101,972	(72,485)	29,487
– Sewerage network	99,523	(35,604)	63,919	49	–	(18)	(1,436)	–	14	33	(3,595)	–	106,344	(47,378)	58,966
– Other open space/recreational assets	21,725	(4,097)	17,628	25	–	–	(380)	–	16	–	–	2,252	24,651	(5,110)	19,541
– Kerb and gutter	29,451	(8,721)	20,730	101	25	(25)	(260)	–	–	–	–	2,214	32,735	(9,950)	22,785
Other assets:															
– Library books	25	(23)	2	–	–	–	–	–	–	–	–	–	25	(23)	2
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	647	(136)	511	–	79	–	(54)	–	–	–	–	–	726	(190)	536
– Quarry assets	1,097	(214)	883	–	135	–	(82)	–	–	–	–	–	1,232	(296)	936
Total infrastructure, property, plant and equipment	876,571	(218,869)	657,702	22,308	1,465	(3,461)	(11,549)	(14,811)	–	(32)	(4,606)	63,950	1,004,325	(293,359)	710,966

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

C1-6 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. 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	5 to 10	Playground equipment	5 to 20
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		Stormwater assets	
Water and sewer assets		Drains	50 to 120
Dams and reservoirs	40 to 100	Culverts	50 to 110
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	45 to 75		
Pumps and telemetry	15 to 205		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	Infinite
Sealed roads: surface	2 to 60	Swimming pools	60
Sealed roads: structure	60	Unsealed roads	20
Unsealed roads	7 to 30	Other open space/recreational assets	15 to 60
Bridge: concrete	100	Other infrastructure	50 to 200
Bridge: other	40 to 80		
Road subbase	200		
Kerb, gutter and footpaths	90		

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. Independent comprehensive valuations are performed at least every five 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 Industry (DoI) – Water.

Increases in the carrying amounts arising on revaluation are credited to the 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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

C1-6 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 (2) of the *Rural Fire Services Act 1997 (NSW)*, "All firefighting equipment purchased or constructed wholly or partly 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 this, Council is of the view and had determined that it does not control Rural Fire Service assets including buildings or equipment and therefore does not account for these assets.

C1-7 Investment properties

\$ '000	2023	2022
Owned investment property		
Investment property on hand at fair value	350	391
Total owned investment property	350	391
Owned investment property		
At fair value		
Opening balance at 1 July	391	340
Other movements	(41)	51
Closing balance at 30 June	350	391

Accounting policy

Investment property, principally comprising of residential building, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	1,579	1,579
Accumulated amortisation	(1,220)	(1,062)
Accumulated impairment	(69)	(69)
Net book value – opening balance	290	448
Movements for the year		
Amortisation charges	(158)	(158)
Closing values at 30 June		
Gross book value	1,579	1,579
Accumulated amortisation	(1,378)	(1,220)
Accumulated impairment	(69)	(69)
Total software – net book value	132	290

Accounting policy

IT development and software

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 the 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 five years.

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-7) and IPP&E 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
---------	------	------

(i) Assets held as investment property

Investment property operating leases relate to a residential premise at Tumbarumba.

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

Operating lease expenses

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of emergency services, health services, State Government Organisations and community groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are held for strategic purposes.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,746	1,397
Total income relating to operating leases for Council assets	1,746	1,397

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		2022	
	Current	Non-current	Current	Non-current
Prepaid rates	506	–	701	–
Goods and services – operating expenditure	1	–	(1)	–
Accrued expenses:				
– Borrowings	152	–	108	–
– Salaries and wages	565	–	269	–
– Other expenditure accruals	2,950	–	3,276	–
Security bonds, deposits and retentions	767	–	798	–
ATO – net GST payable	27	–	–	–
Other	187	–	322	–
Total payables	5,155	–	5,473	–

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.

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 (funds to construct Council controlled assets)	(i)	10,283	–	12,793	–
Total grants received in advance		10,283	–	12,793	–
User fees and charges received in advance:					
Other		349	–	130	–
Private Works Fees in advance		–	–	914	–
Total user fees and charges received in advance		349	–	1,044	–
Total contract liabilities		10,632	–	13,837	–

Notes

(i) Council has received funding to construct assets and infrastructure. 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.

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		2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	799	4,274	1,181	5,072
Total borrowings	799	4,274	1,181	5,072

(1) Loans are secured over the general rating income of Council.
Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements	2023
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	6,253	(1,180)	–	5,073
Total liabilities from financing activities	6,253	(1,180)	–	5,073

\$ '000	2021		Non-cash movements	2022
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	7,569	(1,316)	–	6,253
Total liabilities from financing activities	7,569	(1,316)	–	6,253

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C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	39	50
Total financing arrangements	39	50
Drawn facilities		
– Credit cards/purchase cards	12	7
Total drawn financing arrangements	12	7
Undrawn facilities		
– Credit cards/purchase cards	27	43
Total undrawn financing arrangements	27	43

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		2022	2022
	Current	Non-current	Current	Non-current
Annual leave	1,598	–	1,635	–
Long service leave	2,657	385	2,570	374
Other leave – TOIL	437	–	384	–
Total employee benefit provisions	4,692	385	4,589	374

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	<u>2,331</u>	<u>2,283</u>
	2,331	2,283

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2023				
At beginning of year	1,635	2,944	384	4,963
Additional provisions	1,148	342	459	1,949
Amounts used (payments)	(1,312)	(503)	(440)	(2,255)
Remeasurement effects	127	259	34	420
Total ELE provisions at end of year	1,598	3,042	437	5,077
2022				
At beginning of year	1,642	2,986	381	5,009
Other	(7)	(42)	3	(46)
Total ELE provisions at end of year	1,635	2,944	384	4,963

C3-4 Employee benefit provisions (continued)

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

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	2,155	771	1,781	750
Total provisions	2,155	771	1,781	750

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	2,531	2,531
Other	395	395
Revised cost recognised as remediation assets in IPPE	–	–
Total other provisions at end of year	2,926	2,926
2022		
At beginning of year	2,279	2,279
Other	252	252
Revised cost recognised as remediation assets in IPPE	–	–
Total other provisions at end of year	2,531	2,531

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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.

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. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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C3-5 Provisions (continued)

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.

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	13,619	1,669	4,572
User charges and fees	21,657	3,108	691
Interest and investment income	598	218	343
Other revenues	4,707	10	41
Grants and contributions provided for operating purposes	20,301	–	8
Grants and contributions provided for capital purposes	14,442	59	78
Other income	1,746	4,219	–
Total income from continuing operations	77,070	9,283	5,733
Expenses from continuing operations			
Employee benefits and on-costs	19,748	668	739
Materials and services	34,563	1,961	2,232
Borrowing costs	49	130	103
Depreciation, amortisation and impairment of non-financial assets	9,760	1,065	1,124
Other expenses	898	345	250
Net (gain)/losses from the disposal of assets	3,575	93	17
Total expenses from continuing operations	68,593	4,262	4,465
Operating result from continuing operations	8,477	5,021	1,268
Net operating result for the year	8,477	5,021	1,268
Net operating result attributable to each council fund	8,477	5,021	1,268
Net operating result for the year before grants and contributions provided for capital purposes	(5,965)	4,962	1,190

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	2,578	1,861	6,577
Investments	17,378	6,755	7,367
Receivables	9,848	800	272
Inventories	51	–	–
Other	587	–	–
Total current assets	30,442	9,416	14,216

Non-current assets

Investments	1,500	–	–
Receivables	11	–	–
Inventories	147	–	–
Infrastructure, property, plant and equipment	668,450	35,474	65,791
Investment property	350	–	–
Intangible assets	132	–	–
Total non-current assets	670,590	35,474	65,791

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D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2023	Water 2023	Sewer 2023
Total assets	701,032	44,890	80,007
LIABILITIES			
Current liabilities			
Payables	4,962	148	45
Income received in advance	(79)	79	–
Contract liabilities	10,632	–	–
Borrowings	264	252	283
Employee benefit provision	4,656	18	18
Provisions	2,155	–	–
Total current liabilities	22,590	497	346
Non-current liabilities			
Borrowings	1,744	741	1,789
Employee benefit provision	385	–	–
Provisions	771	–	–
Total non-current liabilities	2,900	741	1,789
Total liabilities	25,490	1,238	2,135
Net assets	675,542	43,652	77,872
EQUITY			
Accumulated surplus	495,058	43,513	70,312
Revaluation reserves	180,484	139	7,560
Council equity interest	675,542	43,652	77,872
Total equity	675,542	43,652	77,872

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The 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 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 Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	11,016	4,833	11,016	4,833
Receivables	10,931	10,619	10,931	8,680
Investments				
– Debt securities at amortised cost	33,000	40,501	33,000	40,501
Total financial assets	54,947	55,953	54,947	54,014
Financial liabilities				
Payables	5,155	5,473	5,191	5,526
Borrowings	5,073	6,253	5,073	6,253
Total financial liabilities	10,228	11,726	10,264	11,779

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council.

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
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.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	440	453

(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 employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

It is worth noting, that recent disaster declarations throughout the council area, together with the effects of COVID19 may have an effect on receivables moving forward.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	(50)	844	150	944
2022				
Gross carrying amount	–	621	46	667

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.

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	8,635	617	61	674	–	9,987
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	4,499	3,239	1,361	330	523	9,952
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

(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 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	payable in:			Total contractual cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	767	4,388	–	–	5,155	5,155
Borrowings	5.04%	–	799	1,645	2,629	5,073	5,073
Total financial liabilities		767	5,187	1,645	2,629	10,228	10,228
2022							
Payables	0.00%	798	4,675	–	–	5,473	5,473
Borrowings	5.04%	–	1,181	2,104	2,968	6,253	6,253
Total financial liabilities		798	5,856	2,104	2,968	11,726	11,726

E2-1 Fair value measurement

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.

Fair value hierarchy

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).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment	30/6/23	30/06/2018	–	–	13,927	13,434	13,927	13,434	
Office equipment	30/6/21	30/06/2021	–	–	32	56	32	56	
Furniture and fittings	30/6/21	30/06/2021	–	–	3	2	3	2	
Operational land	30/6/21	30/06/2021	–	–	13,339	9,767	13,339	9,767	
Community land	30/6/21	30/06/2021	–	–	15,435	18,873	15,435	18,873	
Buildings – non-specialised	30/6/23	30/06/2018	–	–	31,002	31,196	31,002	31,196	
Buildings – specialised	30/6/23	30/06/2018	–	–	13,485	13,004	13,485	13,004	
Other structures	30/6/23	30/06/2018	–	–	8,982	7,936	8,982	7,936	
Roads	30/6/20	30/06/2020	–	–	159,858	147,031	159,858	147,031	
Bridges	30/6/20	30/06/2020	–	–	54,277	48,368	54,277	48,368	
Footpaths	30/6/20	30/06/2020	–	–	15,507	14,499	15,507	14,499	
Kerb and gutter	30/6/20	30/06/2020	–	–	24,435	22,785	24,435	22,785	
Bulk earthworks	30/6/20	30/06/2020	–	–	245,690	227,321	245,690	227,321	
Stormwater drainage	30/6/21	30/06/2021	–	–	37,437	35,015	37,437	35,015	
Water supply network	30/6/22	30/06/2022	–	–	31,643	29,487	31,643	29,487	
Sewerage network	30/6/22	30/06/2022	–	–	62,791	58,966	62,791	58,966	
Other open space/recreational assets	30/6/23	30/06/2018	–	–	19,537	19,541	19,537	19,541	
Other assets	30/6/23	30/06/2018	–	–	2	2	2	2	
Tips and quarries	30/6/23	30/06/2022	–	–	1,748	1,522	1,748	1,522	
Total infrastructure, property, plant and equipment			–	–	749,130	698,805	749,130	698,805	

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

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E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture and fittings

The Carrying amount of Plant and equipment, office equipment and furniture and fittings is assumed to approximate fair value due to the nature of the items (being readily sourced and replaceable). Typical assets within these classes include plant/equipment - trucks, cars, mowers, graders, rollers, loaders, office equipment – computers, printers, furniture/fittings – work desks/chairs. In accordance with council's plant replacement cycle council replaces its fleet regularly to keep the light and heavy plants at their maximum useful lives. There is no strong case identified to carry out revaluation for these assets and Council does not undertake indexation of this asset class.

Stormwater drainage assets

Stormwater drainage assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include pipes/conduits, pits, headwalls located in urban areas.

The key unobservable inputs to the valuation are the remaining useful life, condition, and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

Council applied indexation on 30 June 2023 based on a report by independent external valuers. The index movement since the last revaluation is 8.47%. The total fair value for Stormwater Assets increased by \$2.9 million as a result.

A comprehensive valuation of Council's drainage assets, by independent, external valuers, is scheduled for the 2025/26 financial year.

Other structure assets

Other structure assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include retaining walls, shelters, swimming pools. Where possible larger assets such as swimming pools are componentised into significant parts.

The key unobservable inputs to the valuation are the remaining useful life, condition, and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

A valuation of other structure assets was undertaken by independent external valuers using Level 3 inputs effective 30 June 2018.

Council applied indexation on 30 June 2023 based on a report by independent external valuers. The index movement since the last revaluation is 9.57%. The total fair value for Other Structure Assets increased by \$679k as a result.

A comprehensive valuation of Council's other structure assets by independent, external valuers, is scheduled for the 2027/28 financial year.

Land improvement depreciable assets

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include playing fields, playground equipment, tables /seats.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

A valuation of land improvement assets was undertaken by independent external valuers using Level 3 inputs effective 30 June 2018. Council applied indexation on 30 June 2023 based on a report by independent external valuers. The index movement since the last revaluation is 0.40%. The total fair value of land improvement assets as at 30 June 2023 reduce by \$42k due to disposals occurred during the year.

The next comprehensive valuation of land improvement assets by independent, external valuers, is in the 2027/28 financial year.

Operational and Community land assets

These assets are valued using the market approach but are disclosed at fair value in the notes. These assets typically include saleable Operational Land such as land associated with works depot, offices and non-saleable Community Land associated with town commons, parks.

A land valuation was undertaken by the NSW Valuer General effective 1 July 2023. Council aligns its revaluation with the Valuer General cycle and uses the most recent land valuation. The movement since the last revaluation is 0.40%. The total fair value for Land Assets increased by \$114k as a result.

E2-1 Fair value measurement (continued)

Buildings – non-specialised and specialised assets

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include Council offices (non-specialised) and water/sewer treatment plant buildings (specialised).

The key unobservable inputs to the valuation are the remaining useful life, condition, and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Alternatively, quotations can be sourced from qualified professionals. Buildings are componentised into significant parts to assist in applying appropriate useful lives and replacement costs.

A valuation of building assets was undertaken by independent external valuers effective 30 June 2023. The revaluation movement is 0.86%. The total fair value for Building Assets increased by \$1.8 million as a result.

The next comprehensive valuation of buildings assets by independent, external valuers is scheduled for the 2027/28 financial year.

Road, bridge and footpath network (Transport assets)

Transport assets are valued using the cost approach but are disclosed at fair value in the notes. Road assets typically include sealed/unsealed pavements, surfaces (bituminous seals, asphaltic concrete), kerb and gutter, safety barriers, culverts. Footpath assets are typically constructed using concrete, gravel, pavers. Bridge assets typically include concrete/steel bridges. Although some timber bridges are still in use, they are being progressively phased out.

The key unobservable inputs to the valuation are the remaining useful life, condition, and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Where applicable contract rates are applied. Transport assets are segmented into manageable lengths and uniform specifications.

A valuation of transport assets was undertaken by independent external valuers effective 30 June 2020. Council applied indexation at 30 June 2023 based on a report by independent external valuers. The index movement since the last revaluation is 8.47%. The total fair value for Transport Assets increased by \$17.2 million as a result.

A comprehensive valuation of Council's Transport assets by independent, external valuers is scheduled for the 2024/25 financial year.

Water supply and Sewerage network assets

Water supply and Sewerage network assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include mains/conduits, pumping stations, reservoirs.

Mains are segmented into manageable lengths and uniform specifications.

Water supply and sewerage network asset are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crowns Lands and Water. There has been no change to the valuation process during the reporting period.

The key unobservable inputs to the valuation are the remaining useful life, condition, and remaining value.

A valuation of Water supply and Sewerage network assets was undertaken by independent external valuers effective 30 June 2022. The Council applied indexation at 30 June 2023 based on a report by independent external valuers. The index movement for Water and Sewer since the last revaluation is 6.63% 6.35% respectively. The total fair value for Water supply assets increased by \$2.9 million which was transferred to revenue and prior years water supply network assets revaluation surplus of \$1.25m adjusted to reflect correct revaluation reversal in current financial year. Sewerage assets increased by \$4.5 million as a result.

The next comprehensive valuation by independent, external valuers is scheduled for the 2026/27 financial year.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council assesses the expertise required for the valuation of all assets classes in determining who will undertake the valuations. A qualified external valuer is used where required. Operational and Community Land is valued using the Valuer General's valuation.

Management reviews valuation reports for consistency and accuracy and to ensure all valuation movements are fully explained.

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
IPPE		
Operational Land	Market	Cost per sq metre, Valuer General's (VG) Valuation
Community Land	Market	Cost per sq metre, VG's Valuation
Building and other Structures	Cost	Cost per unit, pattern of consumption, useful life, asset condition
Road, bridges and footpaths	Cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition
Bulk earthworks	Cost	Cost per cubic metre
Stormwater Drainage	Cost	Cost per unit per metre, pattern of consumption
Water supply network	Cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	Cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Plant and equipment	Cost	Useful life, residual value
Office equipment	Cost	Useful life, residual value
Furniture and fittings	Cost	Useful life, residual value
Other structure assets	Cost	Useful life, condition, residual value
Tips and quarries	Cost	Useful life, condition, residual value, Inflation and Interest rates

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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	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 July	13,434	12,316	56	79	2	3	9,767	7,678
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	414	138	1	–	2	–	3,519	–
Purchases	2,576	3,011	–	–	–	–	–	70
Disposals	(825)	(486)	–	–	–	–	–	–
Depreciation and impairment	(1,672)	(1,722)	(26)	(26)	(1)	(1)	–	(33)
Revaluation increment/decrement to equity	–	177	1	3	–	–	53	2,052
Balance at 30 June	13,927	13,434	32	56	3	2	13,339	9,767

\$ '000	Community Land		Land improve-ments		Buildings and other structures		Roads, bridges and footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 July	18,873	13,719	19,541	19,541	52,136	47,643	232,683	207,734
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(3,520)	–	97	–	(518)	(281)	68	2,291
Purchases	120	–	499	–	1,527	472	8,615	8,177
Disposals	(99)	–	(205)	–	(39)	(106)	(1,612)	(2,801)
Depreciation and impairment	–	–	(431)	–	(2,111)	(1,828)	(4,862)	(4,289)
Revaluation increment/decrement to equity	61	5,154	36	–	2,474	6,236	19,185	21,571
Balance at 30 June	15,435	18,873	19,537	19,541	53,469	52,136	254,077	232,683

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E2-1 Fair value measurement (continued)

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 July	227,321	202,903	35,015	32,231	29,488	46,577	58,966	63,919
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	197	-	75	-	8	-	32
Purchases	1,739	594	-	303	266	-	416	49
Disposals	(2,480)	-	(3)	(17)	(98)	-	(17)	(18)
Depreciation and impairment	-	-	(498)	(455)	(980)	(1,275)	(1,039)	(1,421)
Revaluation decrement to income statement	-	-	-	-	-	(14,811)	-	-
Revaluation increment/decrement to equity	19,110	23,627	2,923	2,878	2,967	(1,011)	4,465	(3,595)
Balance at 30 June	245,690	227,321	37,437	35,015	31,643	29,488	62,791	58,966

\$ '000	Other assets		Tips and quarries		Library books		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 July	19,541	17,628	1,472	1,394	2	2	718,297	673,367
Transfers from/(to) another asset class	97	16	-	-	-	-	160	2,476
Purchases	499	25	447	214	-	-	16,704	12,915
Disposals	(205)	-	-	-	-	-	(5,583)	(3,428)
Depreciation and impairment	(431)	(380)	(171)	(136)	-	-	(12,222)	(11,566)
Revaluation decrement to income statement	-	-	-	-	-	-	-	(14,811)
Revaluation increment/decrement to equity	36	2,252	-	-	-	-	51,311	59,344
Balance at 30 June	19,537	19,541	1,748	1,472	2	2	768,667	718,297

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.

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 formulae 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 standard employer contributions and additional lump sum contributions to the fund.

The standard 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 standard 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 8% of salaries for the year ending 30 June 2023 (increasing 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 \$20.0 million for 1 January 2022 to 31 December 2024, apportioned accordingly to each employer's share of the accrued liabilities as at 30 June 2022. These past services 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.

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 \$102,555.12.

E3-1 Contingencies (continued)

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

* 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.

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 will be completed around December 2023.

(ii) Statewide Limited

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.

2. Other

(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.

continued on next page ...

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E3-1 Contingencies (continued)

(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 have not been possible.

(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. Specifically, KMP of Council are the:

- Mayor;
- Councillors;
- General Manager;
- Directors;
- Public Officer.
- Responsible Accounting Officer

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

\$ '000	2023	2022 ¹
Compensation:		
Short-term benefits	1,388	1,430
Post-employment benefits	131	80
Other long-term benefits	15	15
Total	1,534	1,525

(1) Comparative figures have been adjusted to only included those positions listed in Council's policy.

Other transactions with KMP and their related parties

There were no material transactions with KMP and their related parties during the financial year. All transactions were conducted at normal arm's length 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:		
Councillors' fees	148	123
Councillors (including Mayor) expenses	18	168
Total	166	291

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	77	121
Total Auditor-General remuneration	77	121
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	19	22
Total remuneration of non NSW Auditor-General audit firms	19	22
Total audit fees	96	143

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	14,766	(5,967)
Add / (less) non-cash items:		
Depreciation and amortisation	11,949	11,707
(Gain) / loss on disposal of assets	3,685	2,582
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	(4,219)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to Income Statement	–	14,811
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(312)	1,552
Increase / (decrease) in provision for impairment of receivables	–	(31)
(Increase) / decrease of inventories	5	53
(Increase) / decrease of other current assets	(78)	(165)
Increase / (decrease) in payables	2	(3)
Increase / (decrease) in accrued interest payable	44	51
Increase / (decrease) in other accrued expenses payable	(30)	1,032
Increase / (decrease) in other liabilities	(334)	516
Increase / (decrease) in contract liabilities	(3,205)	5,208
Increase / (decrease) in employee benefit provision	114	(46)
Increase / (decrease) in other provisions	395	252
Net cash flows from operating activities	22,782	31,552

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:		
Sewerage and water infrastructure	284	708
Buildings	1,536	2,241
Plant and equipment	370	234
Open Space	845	2,180
Other Structures	746	–
Land Improvements	243	–
Road infrastructure	376	1,241
Total commitments	4,400	6,604
These expenditures are payable as follows:		
Within the next year	4,400	6,604
Total payable	4,400	6,604
Sources for funding of capital commitments:		
Unrestricted general funds	591	235
Externally restricted reserve	3,669	5,662
Internally restricted reserves	140	707
Total sources of funding	4,400	6,604

Details of capital commitments

Significant capital commitments include:

Buildings

- Resource Recovery
- Fogo
- Evacuation Centre

Land Improvements

- Snowview Estate

Open Space

- Pioneer Park
- Goldfields Park

Other Structures

- Aerodrome
- Tumbarumba Dam Wall

Plant and Equipment

- Emulsion Tanks

Sewer and Water

- Scada Upgrade

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 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
		Cash	Non-cash Land	Non-cash Other				
Other	453	21	–	–	12	–	–	486
S7.11 contributions – under a plan	453	21	–	–	12	–	–	486
Total S7.11 and S7.12 revenue under plans	453	21	–	–	12	–	–	486
S64 contributions	4,508	137	–	–	114	–	–	4,759
Total contributions	4,961	158	–	–	126	–	–	5,245

continued on next page ...

G4-1 Summary of developer contributions (continued)

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.

G4-2 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
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER (former Tumut)									
Other	453	21	–	–	12	–	–	486	
Total	453	21	–	–	12	–	–	486	

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(347)	(0.47)%	(3.88)%	(4.12)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	73,288				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	52,979	60.29%	60.80%	51.64%	> 60.00%
Total continuing operating revenue ¹	87,867				
3. Unrestricted current ratio					
Current assets less all external restrictions	19,000	1.95x	1.79x	2.81x	> 1.50x
Current liabilities less specific purpose liabilities	9,750				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,884	8.13x	5.71x	4.73x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,462				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,048	5.07%	3.95%	5.56%	< 10.00%
Rates and annual charges collectable	20,656				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	44,016	7.68 months	10.46 months	7.46 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	5,728				

(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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(3.64)%	54.40%	14.85%	(603.55)%	21.04%	15.50%	> 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	54.92%	54.86%	98.83%	94.97%	98.50%	95.52%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.80x	1.79x	1.23x	1.88x	1.07x	7.88x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	24.77x	10.54x	2.47x	2.51x	6.48x	6.30x	> 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	4.99%	3.51%	4.85%	4.02%	5.40%	5.21%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	5.87 months	6.49 months	16.20 months	27.33 months	39.47 months	48.45 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:
76 Capper St Tumut NSW 2720

Contact details

Mailing Address:
76 Capper St TUMUT NSW 2720

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

Telephone: 1300 ASK SVC (1300 275 782)

Internet: www.svc.nsw.gov.au
Email: info@svc.nsw.gov.au

Officers

Interim General Manager
Steven Pinnuck

Responsible Accounting Officer
Parthiv Parekh

Public Officer

Auditors
NSW Audit Office
Level 15, 1 Margaret St
Sydney NSW 2000

Elected members

Mayor
Ian Chaffey

Councillors
Trina Thomson (Deputy Mayor)
Hansie Armour
Julia Ham
James Hayes
Sam Hughes
Mick Ivill
John Larter
Brent Livermore

Other information

ABN: 53 558 891 887



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Snowy Valleys Council

To the Councillors of Snowy Valleys Council

Qualified Opinion

I have audited the accompanying financial statements of Snowy Valleys 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 effects of the matter 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 assets and buildings

As disclosed in Note C1-6 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council 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, or cancelling the existing service agreement that commenced on 1 January 2009
- 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.

Rural fire-fighting buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

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.

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 and buildings located on land that is controlled and recognised by the Council 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 G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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.

I have nothing to report in this regard.

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.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

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Cr Ian Chaffey
Mayor
Snowy Valleys Council
76 Capper Street
TUMUT NSW 2720

Contact: Hong Wee Soh
Phone no: (02) 9275 7397
Our ref: R008-16585809-47900/1788

31 October 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Snowy Valleys Council**

I have audited the general purpose financial statements (GPFS) of the Snowy Valleys 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

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting assets

The Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled by Council 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

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equipment by either not entering into a service agreement or cancelling the existing service agreement that commenced on 1 January 2009

- 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.

Rural fire-fighting buildings are controlled by the Council where the buildings are located on land that is controlled by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

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 buildings located on land that is controlled and recognised by the Council 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 GPFS to be modified.

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	19.9	18.0	 10.6
Grants and contributions revenue	34.9	28.8	 21.2
Operating result from continuing operations	14.8	(6.0)	 >100
Net operating result before capital grants and contributions	0.2	(19.7)	 >100

The Council's operating result from continuing operations surplus of \$14.8 million (\$11.9 million of depreciation expense) was \$20.8 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$187,000) was \$19.9 million higher than the 2021-22 result due to the revaluation movements of water supply network:

- reversal decrement of \$14.8 million in 2021-22
- reversal of revaluation decrement in \$4.2 million in 2022-23

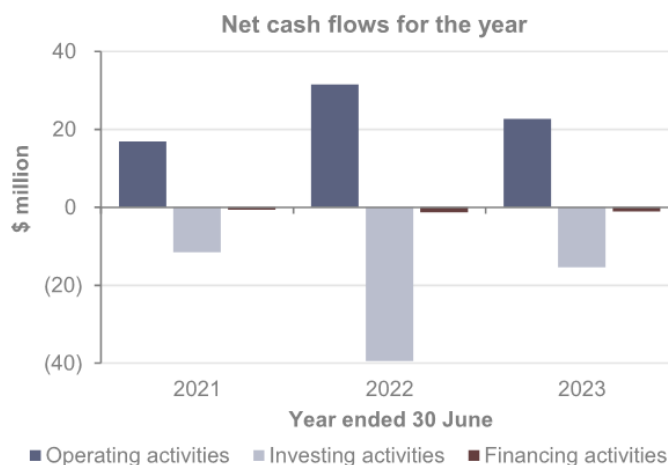
Rates and annual charges revenue (\$19.9 million) increased by \$1.9 million (10.6 per cent) in 2022-23 due to:

- increase in ordinary rates resulting from special rate variation of 15.7 per cent
- decrease in the total number of rateable properties

Grants and contributions revenue (\$34.9 million) increased by \$6.1 million (21.2 per cent) in 2022-23 due to natural disaster grant of \$5.3 million operating grant and \$2.0 million capital grant.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$11.0 million at 30 June 2023 (\$4.8 million at 30 June 2022). There was a net increase in cash and cash equivalents of \$6.2 million during 2022-23 financial year.
- Net cash flows from operating activities decreased by \$8.8 million. This is mainly due to the increase in receipts of user charges and fees of \$7.6 million, offset by an increase in payments for materials and services of \$21.6 million.
- Net cash used in investing activities has decreased by \$23.8 million, which is mainly driven by the receipts from redemption of term deposits.
- Net cash used in financing activities decreased by \$0.1 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	44.0	45.3	<ul style="list-style-type: none"> • Externally restricted cash and investments comprise mainly developer contributions - water fund, developer contributions - sewer fund, water fund and sewer fund. The increase of \$2.2 million is primarily due to a reduction in specific purpose unexpended grants.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	35.5	37.7	<ul style="list-style-type: none"> • Internally allocations are determined by council policies or decisions, which are subject to change. The increase of \$1.2 million in the internal allocations is primarily due to a \$1.2 increase in plant and vehicle replacement
• Internal allocations	8.4	7.2	

Debt

Council has a \$5.0 million of borrowings (2022: \$6.3 million) which is secured over the revenue of Council. Council repaid \$1.1 million of borrowings.

PERFORMANCE

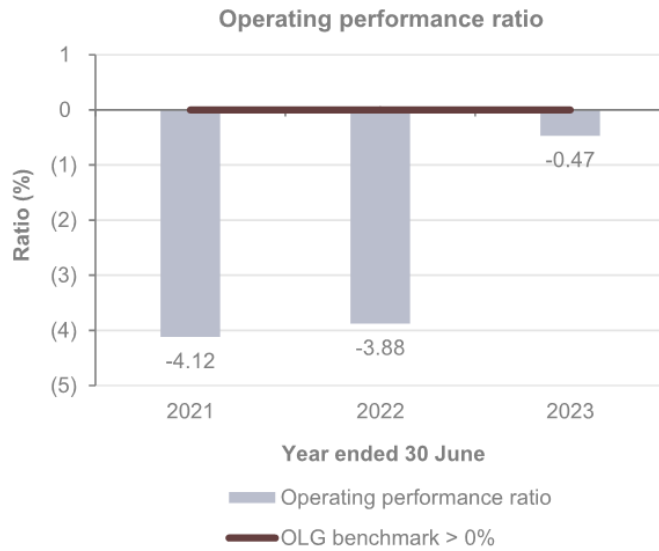
Performance measures

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

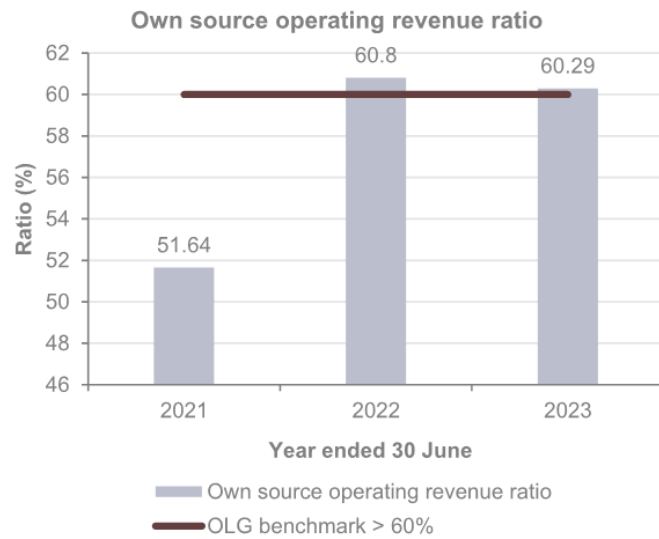
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

- The Council did not meet the OLG benchmark for the current reporting period.
- The operating performance ratio improved to -0.47 per cent (2022: -3.88 per cent) due to the special rate variation and an increase in user charges and fees.



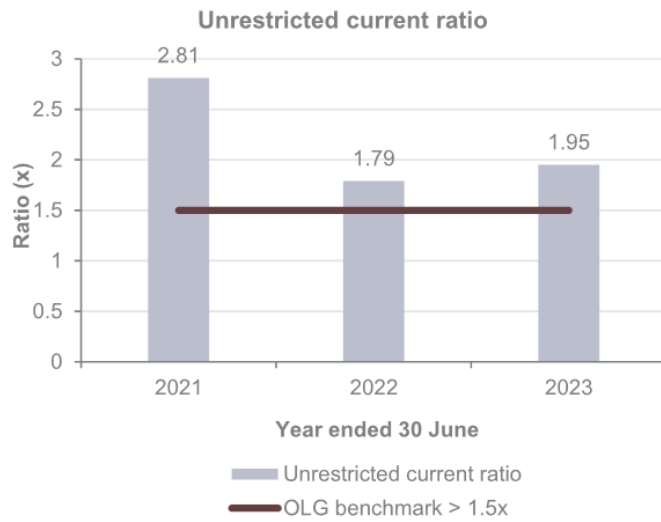
Own source operating revenue ratio

- 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 met the OLG benchmark for the current reporting period.
- There is a slight decrease in own source operating revenue ratio in 2023.



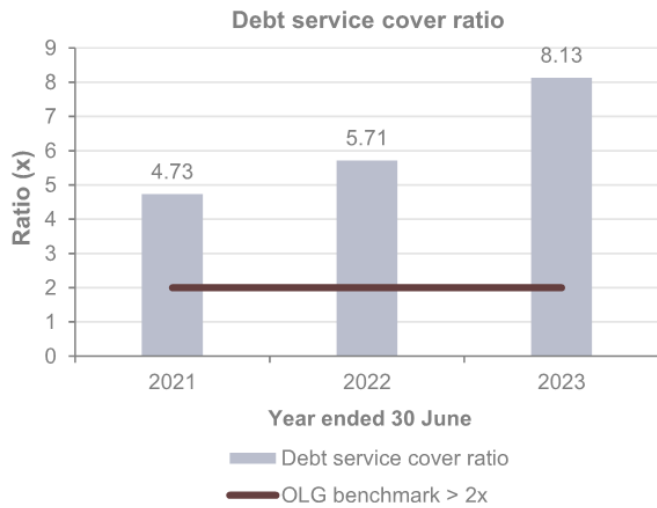
Unrestricted current ratio

- 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 exceeded the OLG benchmark for the current reporting period.



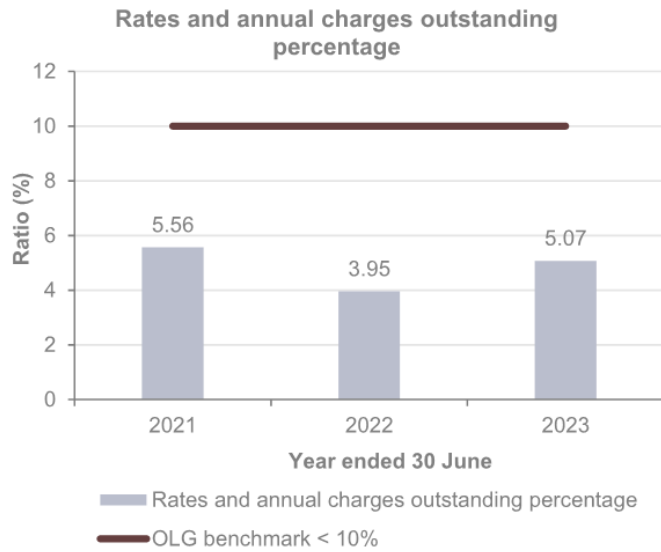
Debt service cover ratio

- 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 exceeded the OLG benchmark for the current reporting period.
- Council's debt service cover ratio increased to 8.13 times (2022: 5.71 times) due to a decrease of \$1.2 million in Council borrowings.



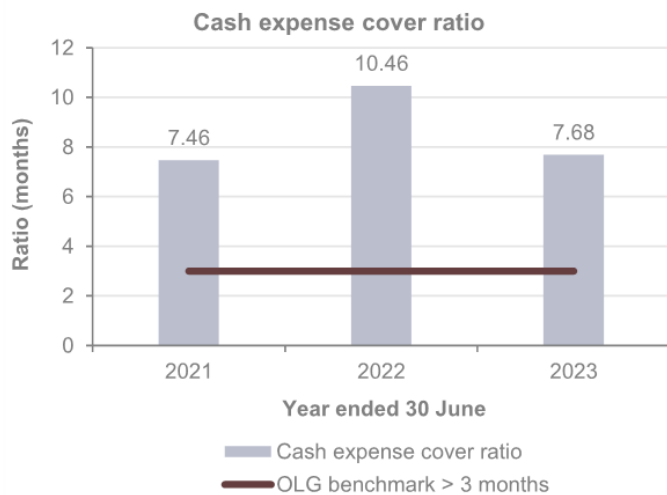
Rates and annual charges outstanding percentage

- 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 exceeded the OLG 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 exceeded the OLG benchmark for the current reporting period.
- The cash expense cover ratio decreased to 7.68 months (2022: 10.46 months) due to a decrease in cash and cash equivalent and investments by \$1.3 million and an increase in payments related to operating activities of \$16.8 million.



Infrastructure, property, plant and equipment renewals

The Council renewed \$21.2 million of assets in the 2022-23 financial year, compared to \$22.3 million of assets in the 2021-22 financial 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 which will be reported in the 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 the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

cc: Mr Steven Pinnuck, Interim General Manager
Mr Steven Walker, Chair of the Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Snowy Valleys Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Snowy Valleys Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Snowy Valleys Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached special purpose financial statements have been prepared in accordance with:

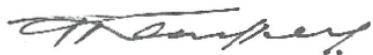
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities.*

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

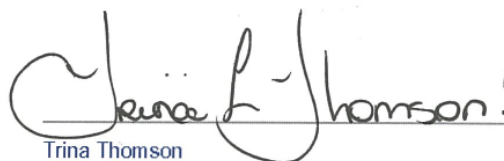
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 [[ResolutionDate|17/10/2023]].



Ian Chaffey
Mayor
30/10/2023



Trina Thomson
Councillor
30/10/2023



Steven Pinnuck
Interim General Manager
30/10/2023



Parthiv Parekh
Responsible Accounting Officer
30/10/2023

Snowy Valleys Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Access charges	1,669	1,615
User charges	3,107	3,296
Fees	1	1
Interest and investment income	218	33
Other income	4,229	38
Total income from continuing operations	9,224	4,983
Expenses from continuing operations		
Employee benefits and on-costs	668	921
Borrowing costs	130	173
Materials and services	1,961	1,699
Depreciation, amortisation and impairment	1,065	16,159
Net loss from the disposal of assets	93	(5)
Calculated taxation equivalents	18	18
Other expenses	345	289
Total expenses from continuing operations	4,280	19,254
Surplus (deficit) from continuing operations before capital amounts	4,944	(14,271)
Grants and contributions provided for capital purposes	59	264
Surplus (deficit) from continuing operations after capital amounts	5,003	(14,007)
Surplus (deficit) from all operations before tax	5,003	(14,007)
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,236)	–
Surplus (deficit) after tax	3,767	(14,007)
Opening accumulated surplus	38,510	52,520
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	18	18
– Corporate taxation equivalent	1,236	–
Less:		
– Tax equivalent dividend paid	(18)	(18)
– Taxation equivalent payments	–	–
Closing accumulated surplus	43,513	38,513
Return on capital %	14.3%	(42.9)%
Subsidy from Council	–	15,300
Calculation of dividend payable:		
Surplus (deficit) after tax	3,767	(14,007)
Less: capital grants and contributions (excluding developer contributions)	–	(264)
Surplus for dividend calculation purposes	3,767	–
Dividend calculated from surplus	1,884	–

Snowy Valleys Council

Income Statement of sewerage business activity for the year ended 30 June 2023

\$ '000	2023	2022
Access charges	4,572	4,413
User charges	649	743
Liquid trade waste charges	42	43
Interest and investment income	343	44
Grants and contributions provided for operating purposes	8	11
Other income	41	67
Total income from continuing operations	5,655	5,321
Expenses from continuing operations		
Employee benefits and on-costs	739	1,063
Borrowing costs	103	119
Materials and services	2,232	1,600
Depreciation, amortisation and impairment	1,124	1,508
Net loss from the disposal of assets	17	18
Calculated taxation equivalents	17	17
Other expenses	250	206
Total expenses from continuing operations	4,482	4,531
Surplus (deficit) from continuing operations before capital amounts	1,173	790
Grants and contributions provided for capital purposes	78	238
Surplus (deficit) from continuing operations after capital amounts	1,251	1,028
Surplus (deficit) from all operations before tax	1,251	1,028
Less: corporate taxation equivalent (25%) [based on result before capital]	(293)	(198)
Surplus (deficit) after tax	958	830
Opening accumulated surplus	69,061	68,033
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	17	17
– Corporate taxation equivalent	293	198
Less:		
– Tax equivalent dividend paid	(17)	(17)
– Tax Equivalent payments	–	–
Closing accumulated surplus	70,312	69,061
Return on capital %	1.9%	1.5%
Subsidy from Council	1,369	1,339
Calculation of dividend payable:		
Surplus (deficit) after tax	958	830
Less: capital grants and contributions (excluding developer contributions)	–	(238)
Surplus for dividend calculation purposes	958	592
Dividend calculated from surplus	479	296

Snowy Valleys Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	1,861	4,364
Investments	6,755	3,755
Receivables	800	628
Total current assets	9,416	8,747
Non-current assets		
Infrastructure, property, plant and equipment	35,474	32,836
Total non-current assets	35,474	32,836
Total assets	44,890	41,583
LIABILITIES		
Current liabilities		
Payables	148	128
Income received in advance	79	133
Borrowings	252	655
Employee benefit provisions	18	17
Total current liabilities	497	933
Non-current liabilities		
Borrowings	741	993
Total non-current liabilities	741	993
Total liabilities	1,238	1,926
Net assets	43,652	39,657
EQUITY		
Accumulated surplus	43,513	38,513
Revaluation reserves	139	1,144
Total equity	43,652	39,657

Snowy Valleys Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	6,577	7,379
Investments	7,367	5,367
Receivables	272	141
Total current assets	14,216	12,887
Non-current assets		
Infrastructure, property, plant and equipment	65,791	61,410
Total non-current assets	65,791	61,410
Total assets	80,007	74,297
LIABILITIES		
Current liabilities		
Payables	45	75
Borrowings	283	270
Employee benefit provisions	18	21
Total current liabilities	346	366
Non-current liabilities		
Borrowings	1,789	2,072
Total non-current liabilities	1,789	2,072
Total liabilities	2,135	2,438
Net assets	77,872	71,859
EQUITY		
Accumulated surplus	70,312	69,061
Revaluation reserves	7,560	2,798
Total equity	77,872	71,859

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Snowy Valleys Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system, servicing the towns of Adelong, Batlow, Khancoban, Talbingo, Tumbarumba and Tumut.

b. Snowy Valleys Council Water Supply Service

Comprising the whole of the operations and assets of the water supply system servicing the towns of Adelong, Batlow, Khancoban, Talbingo, Tumbarumba and Tumut.

Category 2

(where gross operating turnover is less than \$2 million)

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

continued on next page ...

2022/23 Financial Statements | Page 8 of 11

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$969,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$5,925,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of IPPE as at 30 June

Note – Significant Accounting Policies (continued)

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.52% at 30/06/21.

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Snowy Valleys Council

To the Councillors of Snowy Valleys Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Snowy Valleys Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

Basis for Opinion

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 the 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 audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

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 general 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 general 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.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes 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
- 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.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Snowy Valleys Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Snowy Valleys Council

Special Schedules

for the year ended 30 June 2023

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Report on infrastructure assets as at 30 June 2023	5

Snowy Valleys Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	9,244	10,713
Plus or minus adjustments ²	b	18	12
Notional general income	c = a + b	9,262	10,725
Permissible income calculation			
Special variation percentage ³	d	15.00%	15.00%
Or rate peg percentage	e	0.70%	2.50%
Plus special variation amount	h = d x (c + g)	1,389	1,609
Or plus rate peg amount	i = e x (c + g)	65	268
Sub-total	k = (c + g + h + i + j)	10,716	12,602
Plus (or minus) last year's carry forward total	l	(2)	2
Sub-total	n = (l + m)	(2)	2
Total permissible income	o = k + n	10,714	12,604
Less notional general income yield	p	10,713	12,639
Catch-up or (excess) result	q = o - p	2	(35)
Carry forward to next year ⁶	t = q + r + s	2	(35)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Snowy Valleys Council

To the Councillors of Snowy Valleys Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Snowy Valleys Council (the Council) for the year ending 30 June 2024.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the Schedule 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 general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

My opinion on the Schedule 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 general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule 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.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, 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 Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is 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 Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.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
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Snowy Valleys Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4
Buildings	Buildings – specialised	–	–	1,064	1,064	13,476	23,109	69.8%	19.9%	10.0%	0.4%	0.0%	
	Council Offices/Administration	–	–	998	998	8,349	15,950	37.8%	59.0%	3.3%	0.0%	0.0%	
	Council Public Halls	–	–	21	21	1,552	4,605	8.3%	44.2%	47.6%	0.0%	0.0%	
	Council Works Depot	–	–	161	161	3,139	5,953	53.8%	28.6%	17.6%	0.0%	0.0%	
	Cultural Facilities	–	–	301	301	4,831	10,475	55.7%	34.3%	9.5%	0.5%	0.0%	
	Libraries	–	–	884	884	2,489	3,919	63.5%	29.6%	6.9%	0.0%	0.0%	
	Other Buildings	–	–	1,501	1,501	10,651	18,154	68.6%	27.5%	3.9%	0.0%	0.0%	
	Sub-total	–	–	4,930	4,930	44,487	82,165	56.6%	33.4%	9.8%	0.2%	0.0%	
Other structures	Other structures	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Other structures	–	–	201	201	8,982	15,935	76.5%	7.3%	10.6%	5.7%	0.0%	
	Sub-total	–	–	201	201	8,982	15,935	76.5%	7.3%	10.6%	5.7%	(0.1%)	
Roads	Unsealed roads	–	–	598	598	20,402	21,916	68.5%	26.9%	4.2%	0.4%	0.0%	
	Bridges	1,047	1,047	41	41	51,069	79,695	88.9%	8.9%	2.0%	0.2%	0.0%	
	Footpaths	–	–	45	45	12,269	16,761	69.8%	23.4%	6.8%	0.0%	0.0%	
	Other road assets	–	–	12	12	8,705	10,699	99.4%	0.0%	0.0%	0.6%	0.0%	
	Bulk earthworks	–	–	–	–	236,852	236,852	99.8%	0.0%	0.2%	0.0%	0.0%	
	Cycleways	–	–	–	–	2,774	3,158	88.3%	11.4%	0.0%	0.3%	0.0%	
	Kerb & Gutter	–	–	39	39	23,794	34,552	35.6%	37.7%	25.9%	0.8%	0.0%	
	Road Culverts	–	–	51	51	22,288	36,082	64.2%	35.6%	0.2%	0.0%	0.0%	
	Sealed Road Surface	–	–	1,098	1,098	19,254	35,637	78.3%	20.7%	1.0%	0.0%	0.0%	
	Sealed Road Structure	–	–	35	35	77,925	109,585	52.0%	44.4%	3.6%	0.1%	0.0%	
	Sub-total	1,047	1,047	1,919	1,919	475,332	584,937	80.0%	16.9%	3.0%	0.1%	0.0%	
Water supply network	Other	–	–	3	3	332	755	78.0%	18.5%	3.5%	0.0%	0.0%	
	Pumping Stations	–	–	38	38	1,587	4,721	22.3%	47.0%	16.6%	14.1%	0.0%	
	Reservoirs	–	–	16	16	5,920	22,274	81.6%	15.0%	2.4%	1.0%	0.0%	
	Treatment	188	188	162	162	16,191	42,649	56.6%	30.1%	13.0%	0.3%	0.0%	
	Mains	–	–	424	424	7,613	46,046	76.2%	22.4%	1.4%	0.0%	0.0%	
	Sub-total	188	188	643	643	31,643	116,445	67.8%	24.8%	6.5%	0.9%	0.0%	

Snowy Valleys Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Mains	-	-	487	487	511	1,199	34.5%	48.0%	16.9%	0.5%	0.1%	
	Other	-	-	-	-	40,311	64,763	95.3%	4.6%	0.1%	0.0%	(0.0%)	
	Pumping Stations	-	-	101	101	1,620	6,512	43.9%	38.1%	17.2%	0.8%	0.0%	
	Treatment	-	-	569	569	20,349	42,405	77.8%	14.1%	4.5%	3.6%	0.0%	
	Sub-total	-	-	1,157	1,157	62,791	114,879	85.3%	10.4%	2.9%	1.4%	0.0%	
Stormwater drainage	Other	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	
	Head Walls	-	-	24	24	603	1,049	17.9%	54.8%	26.7%	0.6%	0.0%	
	Inlet and Junction Pits	-	-	94	94	6,094	9,572	39.2%	41.0%	19.8%	0.1%	0.0%	
	Stormwater Conduits	-	-	3	3	30,737	46,012	38.8%	55.0%	6.2%	0.0%	0.0%	
	Stormwater Converters	-	-	-	-	3	3	100.0%	0.0%	0.0%	0.0%	0.0%	
Sub-total	-	-	121	121	37,437	56,636	38.5%	52.6%	8.9%	0.0%	0.0%		
Open space / recreational assets	Swimming pools	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	
	Other	-	-	-	-	95	122	76.5%	7.3%	10.6%	5.7%	0.0%	
	Other Open Space/Recreation	-	-	1,568	1,568	15,582	11,687	96.1%	3.3%	0.3%	0.2%	0.0%	
	Swimming pools	-	-	495	495	3,860	7,213	65.2%	26.7%	7.9%	0.2%	0.0%	
Sub-total	-	-	2,063	2,063	19,537	19,022	84.3%	12.2%	3.3%	0.2%	0.0%		
Total – all assets		1,235	1,235	11,034	11,034	680,209	990,019	74.9%	20.3%	4.4%	0.4%	0.0%	

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Snowy Valleys Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	12,575	126.75%	231.72%	198.02%	> 100.00%
Depreciation, amortisation and impairment	9,921				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	1,235	0.18%	0.19%	0.21%	< 2.00%
Net carrying amount of infrastructure assets	700,794				
Asset maintenance ratio					
Actual asset maintenance	11,034	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance	11,034				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	1,235	0.12%	0.13%	0.15%	
Gross replacement cost	990,019				

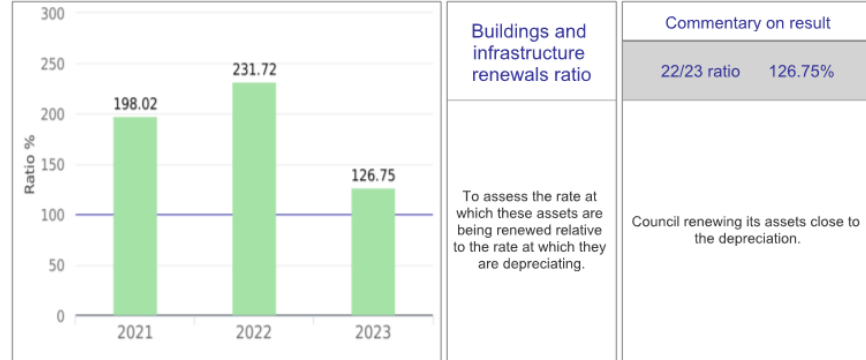
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Snowy Valleys Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio

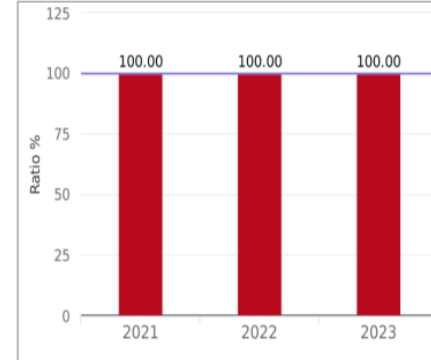


Buildings and infrastructure renewals ratio	
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	
Council renewing its assets close to the depreciation.	

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Asset maintenance ratio

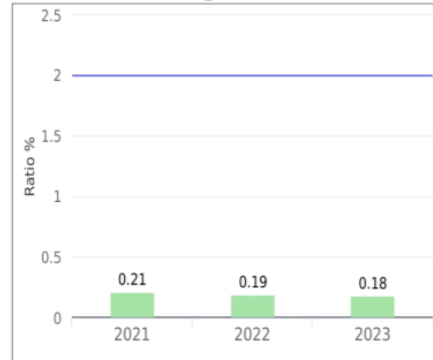


Asset maintenance ratio	
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	
Council's commitment to maintain assets remains steady. Council continues to maintain its assets at a rate required to avoid creating an asset maintenance backlog.	

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio	
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	
Assets are maintained at an agreed levels with only a minor amount of backlog. Council aims to keep backlog to a minimum.	

Benchmark: — < 2.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	
Council has maintained a low ratio. Council currently maintains its assets at the level requested by the community. This year remains similar to the past year and reflects Council's commitment to carry out works to reduce backlog to agreed service levels.	

Snowy Valleys Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	103.75%	287.72%	0.00%	0.00%	0.00%	3.41%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.17%	0.19%	0.59%	0.64%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.14%	0.14%	0.16%	0.18%	0.00%	0.00%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



ANNUAL REPORT
2022 - 2023

Endorsed by Council on 16 November 2023
Resolution # M230/23
ECM: 3272622