

The Council of the Municipality of Hunter's Hill

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



The Council of the Municipality of Hunter's Hill

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



The Council of the Municipality of Hunter's Hill

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Hunter's Hill Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

22 Alexandra Street
Hunters Hill NSW 2110

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.huntershill.nsw.gov.au.

The Council of the Municipality of Hunter's Hill

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

The Council of the Municipality of Hunter's Hill

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413 (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* 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.

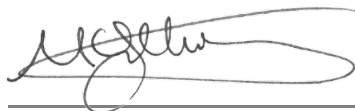
Signed in accordance with a resolution of Council made on 18 September 2023.




Zac Miles
Mayor
18 September 2023



Elizabeth Krassoi
Deputy Mayor
18 September 2023



Mitchell Murphy
General Manager
18 September 2023



Maria Kenny
Responsible Accounting Officer
18 September 2023

The Council of the Municipality of Hunter's Hill

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
14,407	Rates and annual charges	B2-1	14,192	13,170
934	User charges and fees	B2-2	1,859	1,544
860	Other revenues	B2-3	1,497	1,080
1,068	Grants and contributions provided for operating purposes	B2-4	1,133	1,271
5,197	Grants and contributions provided for capital purposes	B2-4	2,466	1,581
222	Interest and investment income	B2-5	775	174
–	Other income	B2-6	147	–
339	Net gain from the disposal of assets	B4-1	–	–
23,027	Total income from continuing operations		22,069	18,820
Expenses from continuing operations				
6,712	Employee benefits and on-costs	B3-1	6,050	5,410
8,097	Materials and services	B3-2	9,208	8,887
3,602	Depreciation, amortisation and impairment of non-financial assets	B3-3	4,174	4,367
1,245	Other expenses	B3-4	963	1,019
149	Net loss from the disposal of assets	B4-1	305	47
19,805	Total expenses from continuing operations		20,700	19,730
3,222	Net operating result for the year attributable to Council		1,369	(910)
(1,975)	Net operating result for the year before grants and contributions provided for capital purposes		(1,097)	(2,491)

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

The Council of the Municipality of Hunter's Hill

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		1,369	(910)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	22,587	5,893
Total items which will not be reclassified subsequently to the operating result		22,587	5,893
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		-	(57)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		-	(57)
Total other comprehensive income for the year		22,587	5,836
Total comprehensive income for the year attributable to Council		23,956	4,926

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

The Council of the Municipality of Hunter's Hill

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	12,673	10,557
Investments	C1-2	13,362	11,875
Receivables	C1-4	2,851	2,023
Inventories	C1-5	3	3
Contract assets and contract cost assets	C1-6	–	424
Other	C1-8	39	41
Total current assets		28,928	24,923
Non-current assets			
Investments	C1-2	2,522	2,363
Receivables	C1-4	2	41
Infrastructure, property, plant and equipment (IPPE)	C1-7	256,462	234,410
Total non-current assets		258,986	236,814
Total assets		287,914	261,737
LIABILITIES			
Current liabilities			
Payables	C3-1	6,144	5,034
Contract liabilities	C3-2	6,286	5,216
Employee benefit provisions	C3-3	1,114	1,075
Total current liabilities		13,544	11,325
Non-current liabilities			
Employee benefit provisions	C3-3	14	12
Total non-current liabilities		14	12
Total liabilities		13,558	11,337
Net assets		274,356	250,400
EQUITY			
Accumulated surplus		110,948	109,579
IPPE revaluation reserve		163,408	140,821
Council equity interest		274,356	250,400
Total equity		274,356	250,400

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

The Council of the Municipality of Hunter's Hill

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		109,579	140,821	250,400	110,546	134,928	245,474
Opening balance		109,579	140,821	250,400	110,546	134,928	245,474
Net operating result for the year		1,369	–	1,369	(910)	–	(910)
Net operating result for the period		1,369	–	1,369	(910)	–	(910)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	22,587	22,587	–	5,893	5,893
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	–	–	(57)	–	(57)
Other comprehensive income		–	22,587	22,587	(57)	5,893	5,836
Total comprehensive income		1,369	22,587	23,956	(967)	5,893	4,926
Closing balance at 30 June		110,948	163,408	274,356	109,579	140,821	250,400

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

The Council of the Municipality of Hunter's Hill

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>				
14,407	Rates and annual charges		14,327	13,023
934	User charges and fees		2,483	1,288
222	Interest received		408	127
6,266	Grants and contributions		4,255	5,094
–	Bonds, deposits and retentions received		309	380
1,199	Other		1,201	1,044
<i>Payments:</i>				
(6,712)	Payments to employees		(5,813)	(5,436)
(8,097)	Payments for materials and services		(8,730)	(8,302)
(1,658)	Other		(881)	(839)
6,561	Net cash flows from operating activities	F1-1	7,559	6,379
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of real estate assets		–	216
64	Proceeds from sale of IPPE		49	145
<i>Payments:</i>				
–	Purchase of investments		(1,499)	(500)
–	Acquisition of term deposits		–	4,225
(11,956)	Payments for IPPE		(3,993)	(4,142)
(11,892)	Net cash flows from investing activities		(5,443)	(56)
(5,331)	Net change in cash and cash equivalents		2,116	6,323
–	Cash and cash equivalents at beginning of year		10,557	4,234
(5,331)	Cash and cash equivalents at end of year	C1-1	12,673	10,557
18,752	plus: Investments on hand at end of year	C1-2	15,884	14,238
13,421	Total cash, cash equivalents and investments		28,557	24,795

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

The Council of the Municipality of Hunter's Hill

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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 23 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) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

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 infrastructure, property, plant and equipment – refer Note C1-7.
- ii. employee benefit provisions – refer Note C3-3.

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

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 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

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

- General purpose operations

A1-1 Basis of preparation (continued)

The Trust Fund

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

No trust funds are currently held by Council.

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.

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 does not have material dependence on volunteer services. Volunteers are utilised in Cultural Events & Bushland. These services are not recognised due to their nature as a large percentage would not go ahead should there not be volunteers to undertake the roles and their non-material value.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (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.

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										
Character, heritage & places	4,158	2,624	5,167	5,509	(1,009)	(2,885)	2,317	966	115,926	109,765
Community & belonging	199	146	838	621	(639)	(475)	123	143	6,260	5,927
Environment, sustainability & open space	3,060	3,514	3,218	3,187	(158)	327	73	130	314	297
Connected & accessible infrastructure	2,335	1,734	6,772	4,843	(4,437)	(3,109)	608	923	126,377	108,786
Governance, participation & partnerships	12,317	10,802	4,705	5,570	7,612	5,232	478	690	39,037	36,962
Total functions and activities	22,069	18,820	20,700	19,730	1,369	(910)	3,599	2,852	287,914	261,737

B1-2 Components of functions or activities

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

Hunter's Hill Council mission is to protect and enhance the integrity, character, liveability and residential amenity of Hunters Hill as Australia's oldest garden suburb – through leadership, partnership, community involvement and the pursuit of excellence. This is implemented through the following themes of its Community Strategic Plan, with budgets and actual expenditure monitored and reported to Councils and functions listed below:

Connected & accessible Infrastructure

Our goal is to maintain and enhance our local infrastructure so people can use, walk, drive, cycle and catch public transport safely and easily. To achieve this goal the following strategies are implemented:

- Clean and accessible infrastructure that is managed and maintained effectively.
- People are connected to their destination through improved public transport systems, linkages and networks.
- Levels of service and community need are reflected in the Asset Management Plan.
- Safe walking, cycling, and active travel is encouraged and supported with improved infrastructure.

This is delivered through the following functions and activities: Asset Management & Planning; Footpaths; Kerb & Gutters; Marine Structures; Roads & Roads restorations; Street Cleaning
Stormwater & Drainage; Traffic & Transport.

Environment, sustainability & open space

Our goal is to protect and sustain our environment so people can enjoy our outdoor spaces and places. To achieve this goal the following strategies are implemented:

- Natural spaces, including our bushland, urban tree canopy, foreshores and waterways are protected and enhanced.
- Improved sustainability is reflected in policies, strategies, programs and projects.
- Community resilience to the impacts of climate change is supported through urban form, infrastructure management and health initiatives.
- Waste, water and energy consumption is reduced.

This is delivered through the following functions and activities: Bushland & Wildlife; Sustainability Initiatives; Tree Management & Protection; and Waste & Recycling.

Community & belonging

Our goal is to connect people to information and accessible experiences to help them feel included and safe in the community.

To achieve this goal the following strategies are implemented:

- Programs and community group which promote active living, health and well-being are supported and encouraged.
- Services and facilities meet the needs of all generations.
- Activities and programs are designed to be welcoming, inclusive and promote safety.
- Community, cultural events and activities are coordinated and delivered inclusively.

This is delivered through the following functions and activities: Community Initiatives (which includes aged & disability, arts & culture and youth programs); Community Events and Library Services.

Character, heritage & places

Our goal is to create a liveable place where everyone can enjoy our heritage, neighbourhoods, thriving village centres, parks, playgrounds and recreational areas. To achieve this goal the following strategies are implemented:

- Neighbourhoods reflect local character, heritage and create a sense of belonging.
- Healthy urban environments facilitate economic activity and place making initiatives.
- Development application, regulation and monitoring services are streamlined.
- Parks, sportsfields and playgrounds support inclusive and accessible Play.

This is delivered through the following functions and activities: Building & Development; Community & Open Space Buildings; Community Enforcement; Heritage & Strategic Planning; Parks & Gardens; Playgrounds; Public Health & Safety and Sporting Fields.

Governance, participation & partnerships

Our goal is to bring people and local business together to share ideas and engage in collaborative projects. To achieve this goal the following strategies are implemented:

- The community is aware of Council decisions through transparent and democratic engagement processes.
- Technology based initiatives are used to improve the customer service experience.
- Economic growth is facilitated through collaboration with government, sector and private partners.
- A vision of continuous improvement is shared by Councillors and Council staff.

B1-2 Components of functions or activities (continued)

This is delivered through the following functions and activities: Access to Information; Communications; Council & Governance; Emergency Services; Financial Management; Office of the General Manager; People & Culture; Property; Rating; Risk & Insurance; and Software & Information Systems.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	9,651	8,185
Less: pensioner rebates (mandatory)	(50)	(49)
Business	308	261
Rates levied to ratepayers	9,909	8,397
Pensioner rate subsidies received	27	27
Total ordinary rates	9,936	8,424
Special rates		
Environmental	220	192
Infrastructure	–	406
Other	311	543
Community facilities	420	366
Rates levied to ratepayers	951	1,507
Total special rates	951	1,507
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	3,262	3,180
Section 611 charges	53	72
Less: pensioner rebates (mandatory)	(24)	(26)
Annual charges levied	3,291	3,226
Pensioner annual charges subsidies received:		
– Domestic waste management	14	13
Total annual charges	3,305	3,239
Total rates and annual charges	14,192	13,170

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	215	212
Total specific user charges		215	212
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	34	5
Planning and building regulation	2	590	734
Section 10.7 certificates (EP&A Act)	2	41	43
Section 603 certificates	2	20	22
Total fees and charges – statutory/regulatory		685	804
(ii) Fees and charges – other (incl. general user charges (per s608))			
Community centres	2	129	127
Lease rentals	2	35	35
Leaseback fees – Council vehicles	2	14	19
Reserves and Sporting Fields	2	133	90
Parking fees	2	133	129
Restoration charges	2	515	128
Total fees and charges – other		959	528
Total other user charges and fees		1,644	1,332
Total user charges and fees		1,859	1,544
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)		1,859	1,544
Total user charges and fees		1,859	1,544

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

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

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Rental income – other council properties	1	279	298
Bus shelter contract - License fee	1	193	241
Fines -other	2	75	23
Fines – parking	2	588	345
Commissions and agency fees	2	10	1
Sundry rents and charges	2	318	172
Other	2	34	–
Total other revenue		1,497	1,080

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	472	263
Other revenue recognised at a point in time (2)	1,025	817
Total other revenue	1,497	1,080

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	62	189	–	–
Financial assistance – local roads component	2	62	76	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	413	290	–	–
Financial assistance – local roads component	2	156	117	–	–
Other					
Other grants		–	–	554	25
Amount recognised as income during current year		693	672	554	25
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Bushfire and emergency services	2	–	98	–	–
Community care	2	3	17	–	–
Environmental programs	2	5	139	–	–
Heritage and cultural	2	11	12	–	–
Library – per capita	2	98	95	–	–
Recreation and culture	2	16	17	254	–
Traffic route subsidy	2	147	122	–	–
Transport (roads to recovery)	2	–	–	–	98
Transport (other roads and bridges funding)	2	77	37	–	–
Other specific grants	2	–	(7)	–	8
Previously contributions:					
Drainage	2	–	7	–	–
Recreation and culture	2	74	47	728	859
Roads and bridges	2	–	–	139	48
Tourism	2	6	15	–	–
Other contributions	2	3	–	–	–
Total special purpose grants and non-developer contributions – cash		440	599	1,121	1,013
Non-cash contributions					
Roads and bridges		–	–	–	20
Tourism		–	–	–	5
Other		–	–	–	6
Total other contributions – non-cash		–	–	–	31
Total special purpose grants and non-developer contributions (tied)		440	599	1,121	1,044
Total grants and non-developer contributions		1,133	1,271	1,675	1,069

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Comprising:					
– Commonwealth funding		693	672	–	–
– State funding		416	591	1,675	614
– Other funding		24	8	–	455
		1,133	1,271	1,675	1,069

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:		F3				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.12 – fixed development consent levies		2	–	–	791	512
Total developer contributions – cash			–	–	791	512
Total developer contributions			–	–	791	512
Total contributions			–	–	791	512
Total grants and contributions			1,133	1,271	2,466	1,581
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			1,133	1,271	2,466	1,581
Total grants and contributions			1,133	1,271	2,466	1,581

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	148	355	5,034	1,071
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	654	163	3,498	4,402
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(146)	(370)	(1,604)	(439)
Unspent funds at 30 June	656	148	6,928	5,034
Contributions				
Unspent funds at 1 July	–	–	1,344	1,377
Add: contributions received and not recognised as revenue in the current year	–	–	842	520
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(220)	(553)
Unspent contributions at 30 June	–	–	1,966	1,344

Unspent contributions refer to Section 7.11 contributions received but not yet spent.

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include the completion of specific works or projects. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

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

Developer contributions

B2-4 Grants and contributions (continued)

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	39	45
– Cash and investments	736	129
Total interest and investment income (losses)	775	174
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	39	45
General Council cash and investments	736	129
Total interest and investment income	775	174

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	5,181	4,728
Employee leave entitlements (ELE)	15	76
Superannuation	571	450
Workers' compensation insurance	174	94
Fringe benefit tax (FBT)	24	24
Other Employee benefits		
Travel expenses	5	7
Training costs (other than salaries and wages)	80	31
Total employee costs	6,050	5,410
Total employee costs expensed	6,050	5,410

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
Advertising		54	59
Raw materials and consumables		1,132	1,043
Contractor costs		5,894	5,923
Audit Fees	E2-1	121	106
Bank charges		45	38
Previously other expenses:			
Electricity and heating		161	85
Insurance		350	255
Printing and stationery		62	35
Street lighting		148	162
Subscriptions and publications		533	240
Telephone and communications		45	42
Councillor and Mayoral fees and associated expenses	E1-2	192	175
Legal expenses:			
– Legal expenses: planning and development		411	590
– Legal expenses: other		25	98
Other		35	36
Total materials and services		9,208	8,887
Total materials and services		9,208	8,887

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		146	154
Office equipment		320	595
Furniture and fittings		34	35
Infrastructure:	C1-7		
– Buildings – non-specialised		197	181
– Buildings – specialised		417	382
– Other structures		1,015	1,055
– Roads		1,270	1,228
– Footpaths		206	198
– Kerb and guttering		240	233
– Other road assets		68	66
– Stormwater drainage		261	240
Total gross depreciation and amortisation costs		4,174	4,367
Total depreciation and amortisation costs		4,174	4,367
Total depreciation, amortisation and impairment for non-financial assets		4,174	4,367

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 C1-7 for IPPE 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 no longer required to be tested for impairment under AASB 136. This is because 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.

Other 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

B3-4 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
User charges and fees		3	65
Total impairment of receivables	C1-4	3	65
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	140
Total Fair value decrement on investments	C1-2	–	140
Contributions/levies to other levels of government			
– Department of planning levy		64	63
– NSW fire brigade levy		559	484
– Regional library		295	219
– Other contributions/levies		22	35
Donations, contributions and assistance to other organisations (Section 356)		20	13
Total other expenses		963	1,019

Accounting policy

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

Impairment expenses are recognised when identified.

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 plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		49	145
Less: carrying amount of plant and equipment assets sold/written off		–	(96)
Gain (or loss) on disposal		49	49
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(354)	(312)
Gain (or loss) on disposal		(354)	(312)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		–	216
Gain (or loss) on disposal		–	216
Net gain (or loss) from disposal of assets		(305)	(47)

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 20 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				
User charges and fees	934	1,859	925	99% F
Economic conditions have recovered to pre-pandemic levels, this is reflected in increased income to forecast budget for DA, Road Restorations and Work Zone Fees. In addition, this is the first full year with no COVID relief package in place, therefore, community hall hire fees have also recovered.				
Other revenues	860	1,497	637	74% F
Economic conditions have recovered to pre-pandemic levels, this is reflected in increased income to forecast budget for Parking Fines and Unauthorised Developments Fines. In addition, this is the first full year with no COVID relief package in place, therefore, community leasing and licence receipts have also recovered.				
Operating grants and contributions	1,068	1,133	65	6% F
Capital grants and contributions	5,197	2,466	(2,731)	(53)% U
At the time of budgeting, it was expected that the Figtree Park and Gladesville Reserve Upgrade projects would be completed. These have progressed and are expected to be completed in the FY2024. Receipts from developer contributions have also exceeded budget due to prevailing economic recovery.				
Interest and investment revenue	222	775	553	249% F
Term deposits that were invested during the post-COVID period are yielding higher interest rates. Bond and Floating Rate Cash Note has also performed well.				
Net gains from disposal of assets	339	-	(339)	(100)% U
Expenses				
Employee benefits and on-costs	6,712	6,050	662	10% F
Materials and services	8,097	9,208	(1,111)	(14)% U
Contracting of employee services to fill vacancies exceeded budget. However, there is a corresponding staff cost favourable position to budget. Planning legal costs exceeded budget, however, there has been an improvement from last year's actual expense.				
Depreciation, amortisation and impairment of non-financial assets	3,602	4,174	(572)	(16)% U
During this financial year, there was an asset re-conditioning assessment undertaken for all civic assets, which has been updated in the Asset Management Plan. This has also been reflected in the depreciation expense for this year.				
Net losses from disposal of assets	149	305	(156)	(105)% U
Statement of cash flows				
Cash flows from investing activities	(11,892)	(5,443)	6,449	(54)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,390	2,340
Cash equivalent assets		
– Short-term deposits	11,283	8,217
Total cash and cash equivalents	12,673	10,557

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	12,673	10,557
Balance as per the Statement of Cash Flows	12,673	10,557

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		2022	
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
Managed funds	1,487	1,989	–	1,875
Total	1,487	1,989	–	1,875
Debt securities at amortised cost				
Long term deposits	11,875	–	11,875	–
Equity securities at fair value through other comprehensive income				
CivicRisk	–	533	–	488
Total	–	533	–	488
Total cash assets, cash equivalents and investments	26,035	2,522	22,432	2,363

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.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

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	28,557	24,795
Less: Externally restricted cash, cash equivalents and investments	<u>(8,928)</u>	<u>(9,058)</u>
Cash, cash equivalents and investments not subject to external restrictions	19,629	15,737

External restrictions

External restrictions – included in liabilities

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

External restrictions – other

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

Developer contributions – general	1,828	1,205
Other developer contributions	138	138
Specific purpose unexpended grants (recognised as revenue) – general fund	4,825	5,267
Domestic waste management	1,023	1,420
Other special levies	1,114	1,028
External restrictions – other	8,928	9,058
Total external restrictions	8,928	9,058

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	19,629	15,737
Less: Internally restricted cash, cash equivalents and investments	<u>(9,452)</u>	<u>(6,379)</u>
Unrestricted and unallocated cash, cash equivalents and investments	10,177	9,358

Internal allocations

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

Plant and vehicle replacement	426	489
Employees leave entitlement	777	757
Carry over works Boronia Park	2,699	–
Deposits, retentions and bonds	3,469	3,199
Construction of buildings	195	301
Office equipment	343	262
Road reconstruction	465	259
Elections	279	191
Insurance reserve	238	238
Property strategy	49	71
Sustainability Reserve	259	223
Other	163	199
Council work depot - LC	90	190
Total internal allocations	9,452	6,379

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

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

policy of the elected Council.

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	10,177	9,358

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	685	2	749	23
Interest and extra charges	34	-	29	18
User charges and fees	709	-	583	-
Accrued revenues				
– Interest on investments	438	-	58	-
– Other income accruals	477	-	189	-
Net GST receivable	-	-	410	-
Other debtors	430	-	-	-
Payroll Debtor	78	-	90	-
Total	2,851	2	2,108	41
Less: provision for impairment				
User charges and fees	-	-	(85)	-
Total provision for impairment – receivables	-	-	(85)	-
Total net receivables	2,851	2	2,023	41

C1-4 Receivables (continued)

\$ '000	2023	2022
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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.

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, or when the receivables are over 5 years past due, whichever occurs first.

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

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

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				
Stores and materials	3	-	3	-
Total inventories at cost	3	-	3	-
Total inventories	3	-	3	-

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.

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	-	-	424	-
Total contract assets and contract cost assets	-	-	424	-

Work relating to infrastructure grants

Significant changes in contract assets

Council has completed works in Boronia Park which are funded by a grant

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	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	592	–	592	1,631	–	–	(150)	–	–	–	2,073	–	2,073
Plant and equipment	1,240	(663)	577	188	(23)	(146)	–	–	–	–	1,266	(670)	596
Office equipment	2,492	(2,034)	458	–	60	(320)	–	–	–	–	2,149	(1,951)	198
Furniture and fittings	495	(285)	210	–	–	(34)	–	–	–	–	495	(319)	176
Land:													
– Operational land	33,282	–	33,282	–	–	–	–	–	–	7,329	40,611	–	40,611
– Community land	83,369	–	83,369	–	–	–	–	–	–	13,022	96,391	–	96,391
Infrastructure:													
– Buildings – non-specialised	9,726	(4,368)	5,358	50	(7)	(197)	–	(737)	–	389	11,300	(4,970)	6,330
– Buildings – specialised	20,600	(9,975)	10,625	82	(13)	(417)	–	737	–	624	21,026	(10,862)	10,164
– Other structures	18,644	(9,180)	9,464	182	(13)	(1,015)	–	–	–	1,095	20,914	(11,201)	9,713
– Roads	71,024	(22,004)	49,020	1,038	(150)	(1,270)	140	–	(2,900)	–	62,459	(16,581)	45,878
– Footpaths	14,731	(4,717)	10,014	431	(77)	(206)	–	–	–	126	15,029	(4,741)	10,288
– Kerb and guttering	19,186	(6,209)	12,977	247	(69)	(240)	–	–	–	1,455	20,412	(6,042)	14,370
– Other road assets (including bulk earthworks)	2,316	(435)	1,881	1	–	(68)	10	–	–	683	3,402	(895)	2,507
– Stormwater drainage	25,871	(9,288)	16,583	105	(24)	(261)	–	–	–	764	27,284	(10,117)	17,167
Total infrastructure, property, plant and equipment	303,568	(69,158)	234,410	3,955	(316)	(4,174)	–	–	(2,900)	25,487	324,811	(68,349)	256,462

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	1,132	–	1,132	39	–	–	–	(795)	–	592	–	592
Plant and equipment	1,297	(585)	712	116	–	(97)	(154)	–	–	1,240	(663)	577
Office equipment	2,018	(1,440)	578	183	–	–	(595)	291	–	2,492	(2,034)	458
Furniture and fittings	495	(250)	245	–	–	–	(35)	–	–	495	(285)	210
Land:												
– Operational land	33,282	–	33,282	–	–	–	–	–	–	33,282	–	33,282
– Community land	83,369	–	83,369	–	–	–	–	–	–	83,369	–	83,369
Infrastructure:												
– Buildings – non-specialised	9,677	(3,986)	5,691	47	–	–	(181)	2	–	9,726	(4,368)	5,358
– Buildings – specialised	18,115	(8,765)	9,350	260	–	(88)	(382)	7	1,292	20,600	(9,975)	10,625
– Other structures	15,982	(7,399)	8,583	89	691	–	(1,055)	360	796	18,644	(9,180)	9,464
– Roads	67,238	(20,223)	47,015	1,602	49	(131)	(1,228)	49	1,655	71,024	(22,004)	49,020
– Footpaths	14,115	(4,398)	9,717	167	–	(51)	(198)	–	380	14,731	(4,717)	10,014
– Other road assets (including bulk earthworks)	2,159	(368)	1,791	80	–	–	(66)	–	61	2,316	(435)	1,881
– Stormwater drainage	23,354	(8,293)	15,061	102	227	(9)	(240)	86	1,356	25,871	(9,288)	16,583
– Kerb and guttering	18,625	(5,823)	12,802	87	–	(32)	–	–	353	19,186	(6,209)	12,977
Total infrastructure, property, plant and equipment	290,858	(61,530)	229,328	2,772	967	(408)	(4,134)	–	5,893	303,568	(69,158)	234,410

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

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

Accounting policy

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.

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.

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.

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.	5 to 10
Vehicles	5 to 8		
Other plant and equipment	5 to 15	Buildings	
		Buildings: masonry	50 to 100
		Buildings: other	50 to 100
Transportation assets		Stormwater assets	
Sealed roads: surface	10 to 25	Drains	60 to 100
Sealed roads: structure	60 to 100		
Kerb, gutter and footpaths	10 to 70		
Other Infrastructure	10 to 70		

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

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.

C1-8 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	39	-	41	-
Total other assets	39	-	41	-

C2 Leasing activities

C2-1 Council as a lessee

Council leases a photocopier. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Council has an operating lease for the photocopiers and the lease is for 5 years.

(a) Income Statement

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

(b) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:
Provide general indication of the use of the assets under a concessionary arrangement e.g.

- boat ramp

The leases are generally for 5 year lease terms and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C3 Liabilities of Council

C3-1 Payables (continued)

C3-1 Payables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	1,860	–	1,382	–
Accrued expenses:				
– Salaries and wages	196	–	–	–
– Other expenditure accruals	429	–	326	–
Security bonds, deposits and retentions	3,468	–	3,159	–
Government departments and agencies	10	–	36	–
Prepaid rates	181	–	131	–
Total payables	6,144	–	5,034	–

Payables relating to restricted assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Total payables relating to unrestricted assets	6,144	–	5,034	–
Total payables	6,144	–	5,034	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	3,163	2,687
Total payables	3,163	2,687

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.

The financial liabilities of the Council comprise trade payables.

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 (to construct Council controlled assets)	(i)	5,266	–	5,034	–
Total grants received in advance		5,266	–	5,034	–
User fees and charges received in advance:					
Other		1,020	–	182	–
Total user fees and charges received in advance		1,020	–	182	–
Total contract liabilities		6,286	–	5,216	–

Notes

(i) Council has received funding to construct assets including sporting facilities and playspace. 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.

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total contract liabilities relating to unrestricted assets	6,286	–	5,216	–
Total contract liabilities	6,286	–	5,216	–

Significant changes in contract liabilities

The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control.

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 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	366	–	420	–
Long service leave	636	14	557	12
Other leave	112	–	98	–
Total employee benefit provisions	1,114	14	1,075	12

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	574	508
	574	508

Accounting policy

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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 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.

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	12,673	10,557	12,673	22,490
Receivables	2,853	2,064	4,516	2,078
Investments				
– Debt securities at amortised cost	11,875	11,875	–	–
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	533	488	533	599
Fair value through profit and loss				
Investments				
– Amortised cost	3,476	1,875	3,476	1,875
Total financial assets	31,410	26,859	21,198	27,042
Financial liabilities				
Payables	6,144	5,034	6,144	5,016
Total financial liabilities	6,144	5,034	6,144	5,016

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 mkt 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' or (ii) 'available-for-sale' – 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 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 and income.

D1-1 Risks relating to financial instruments held (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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	246	201
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	671	16	687
2022				
Gross carrying amount	–	749	23	772

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,

D1-1 Risks relating to financial instruments held (continued)

non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	(549)	1,692	206	69	748	2,166
Expected loss rate (%)	0.00%	0.00%	0.00%	10.00%	7.30%	2.84%
ECL provision	–	–	–	7	55	62
2022						
Gross carrying amount	132	860	97	212	500	1,801
Expected loss rate (%)	0.00%	0.00%	0.00%	10.00%	7.30%	3.20%
ECL provision	–	–	–	21	37	58

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) 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 cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	3,468	2,721	–	–	6,189	6,144
Total financial liabilities		3,468	2,721	–	–	6,189	6,144
2022							
Payables	0.00%	3,159	2,687	–	–	5,846	5,034
Total financial liabilities		3,159	2,687	–	–	5,846	5,034

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '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 C1-7									
		30/06/2021	30/06/21	–	–	596	577	596	577
		30/06/2021	30/06/21	–	–	198	458	198	458
		30/06/2021	30/06/21	–	–	176	210	176	210
		30/06/2023	30/06/18	40,611	33,282	–	–	40,611	33,282
		30/06/2021	30/06/21	–	–	83,369	83,369	83,369	83,369
		30/06/2020	30/06/20	–	–	5,604	5,358	5,604	5,358
		30/06/2020	30/06/20	–	–	10,511	9,349	10,511	9,349
		30/06/2020	30/06/20	–	–	9,684	8,667	9,684	8,667
		30/06/2023	30/06/20	–	–	45,783	47,364	45,783	47,364
		30/06/2023	30/06/20	–	–	10,288	9,635	10,288	9,635
		30/06/2023	30/06/20	–	–	14,354	12,624	14,354	12,624
		30/06/2023	30/06/20	–	–	2,092	1,805	2,092	1,805
		30/06/2023	30/06/20	–	–	17,167	15,227	17,167	15,227
		Total infrastructure, property, plant and equipment		40,611	33,282	199,822	194,643	240,433	227,925

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:

Infrastructure, property, plant and equipment (IPPE)

This asset class comprises all of Council's land classified as Operational Land and Community Land under the NSW Local Government Act 1993. The key unobservable inputs to the valuation are the price per square metre and market price. The operational Land valuation was undertaken at 30 June 2018 and was performed by APV Valuers and Asset Management. The Community Land valuation was performed by Valuer General at 30 June 2021.

D2-1 Fair value measurement (continued)

Where there is directly comparable market evidence, Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

Land assets that have no comparable observable market evidence were subsequently valued at the Level 3 valuation input hierarchy using the professional judgement of a Registered Valuer adjusted for price per square metre of sales sites not in close proximity which provided only a low level of comparability.

Council's Plant, Office Equipment and Furniture & Fittings include:

- Plant: Truck, tractors, mowers
- Fleet: Cars, Utes
- Office Equipment: Computer hardware/software, document management
- Furniture & Fittings: Desks, chairs, window coverings

Plant, Office Equipment, Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. Level 3 unobservable inputs include consumption pattern, useful life, residual value and asset condition.

Buildings were valued by Assetic Valuers and Asset Management at 30 June 2020. Residential properties were valued on Level 3 valuation inputs using comparable properties after adjusting for differences in attributes such as property size.

Specialised buildings were valued using the cost approach by estimating the replacement cost for each building by componentising the buildings and subsequent useful lives. Level 3 valuation inputs required Professional Judgement to estimate unobservable inputs such as residual value, useful life, consumption patterns, asset condition and remaining service potential.

This asset class comprises of Road, Kerb and Channel, Structure, Car Park, Bridge, Footpath, Traffic Signs, Stormwater Drain, Stormwater Pit and were valued using Level 3 valuation inputs using the cost approach.

This approach estimates the replacement cost for each asset into component level with differing useful lives. While the unit rates based on square metres or similar capacity could be supported from market evidence (Level 2), other inputs such as estimated residual life, useful life, consumption patterns and asset condition required professional judgement and impacted significantly on the determination of fair value. These assets were valued using Level 3 valuation inputs.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The council engaged external, independent and qualified valuers to determine the fair value of the infrastructure assets on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 3 fair values are analysed at the end of each reporting period and discussed between the valuation team and Council.

Community Land was valued based on the Land Value provided by the Valuer-General. Where the Valuer-General did not provide Land Value an average unit rate based on the Land Value for similar community land was used.

As at 30 June 2018 a comprehensive valuation was undertaken for Operational Land was performed by APV.

As 30 June 2020 all Buildings revaluation was performed by Assetic and Non-Specialised Buildings have been valued at market value from the sales evidence of similar or reference assets. Specialised Buildings have been valued using depreciated replacement cost. The method is based on determine the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors.

Valuation of Roads was undertaken at 30 June 2020 by Assetic. This asset class comprises the Road Carriageway, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the Kerb and gutter. The Cost Approach using Level 3 inputs was used to value the road and other road infrastructure. Valuation for the road carriageway, comprising surface, pavement and formation were based on calculations undertaken by the external valuation process.

Footpaths and Kerb & Gutter were segmented to match the adjacent road segment where possible and no further componentisation was undertaken. Footpaths and Kerb & Gutter were originally mapped and the condition assessed based on a physical inspection. Condition information is updated as changes in the network are observed through regular inspections. Valuation of the Footpaths and Kerb & Gutter was undertaken at 30 June 2020.

D2-1 Fair value measurement (continued)

Stormwater Drainage comprise pits, pipes, open channels, headwalls and various types of water quality devices. The Cost Approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported through extensive professional judgement and market evidence. Valuation of the stormwater drainage was undertaken at 30 June 2020 by Assetic.

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.

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community Land	83,369	Land values obtained from the NSW Valuer General	Land value and land area
Plant & Equipment	596	Cost approach	Gross Replacement Cost, remaining useful life
Office Equipment	198	Cost approach	Gross Replacement Cost, remaining useful life
Furniture & Fittings	176	Cost approach	Gross Replacement Cost, remaining useful life
Specialised Buildings	10,511	Cost approach	Gross Replacement Cost, remaining useful life
Other Structures	9,684	Cost approach	Gross Replacement Cost, remaining useful life
Roads	45,783	Cost approach	Gross Replacement Cost, remaining useful life
Footpaths	10,288	Cost approach	Gross Replacement Cost, remaining useful life
Kerb & Gutter	14,354	Cost approach	Gross Replacement Cost, remaining useful life
Other Road Assets	2,902	Cost approach	Gross Replacement Cost, remaining useful life
Stormwater Drainage	17,167	Cost approach	Gross Replacement Cost, remaining useful life

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		Community Land	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	577	712	458	578	210	245	83,369	83,369
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	475	–	–	–	–
Other movements								
Purchases (GBV)	188	116	–	–	–	–	–	–
Disposals (WDV)	(23)	(97)	60	–	–	–	–	–
Depreciation and impairment	(146)	(154)	(320)	(595)	(34)	(35)	–	–
Closing balance	596	577	198	458	176	210	83,369	83,369

\$ '000	Building specialised		Other structures		Roads		Footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	9,349	9,350	8,667	8,583	47,364	47,015	9,635	9,717

D2-1 Fair value measurement (continued)

\$ '000	Building specialised		Other structures		Roads		Footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	1,584	–	1,863	–	(1,339)	–	505	–
Other movements								
Purchases (GBV)	8	268	182	1,140	1,178	1,708	431	167
Disposals (WDV)	(13)	(88)	(13)	–	(150)	(131)	(77)	(51)
Depreciation and impairment	(417)	(181)	(1,015)	(1,056)	(1,270)	(1,228)	(206)	(198)
Closing balance	10,511	9,349	9,684	8,667	45,783	47,364	10,288	9,635

\$ '000	Kerb and guttering		Other road assets		Stomwater drainage		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	12,624	12,802	1,805	1,791	15,227	15,061	189,285	189,223
Recognised in other comprehensive income – revaluation surplus	1,792	–	1,155	–	2,120	–	7,680	475
Purchases (GBV)	247	87	10	80	105	415	2,349	3,981
Disposals (WDV)	(69)	(32)	–	–	(24)	(9)	(309)	(408)
Depreciation and impairment	(240)	(233)	(68)	(66)	(261)	(240)	(3,977)	(3,986)
Closing balance	14,354	12,624	2,902	1,805	17,167	15,227	195,028	189,285

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same 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 future service employer contributions and past service employer contributions to the Fund.

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 Million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$20,882.49. The last valuation of the Scheme was performed by Richard Boyfield FIAA as at 30 June 2022, and covers the period ended 30 June 2024.

Council's expected contribution to the plan for the next annual reporting period is \$22,387.08.

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	2,256.6	101.7%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.09% as at 30 June 2023.

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

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

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

(ii) Mutual Management Services Ltd

Mutual Management Services Ltd (MMS) is a company limited by guarantee and was created to provide administration services to the three CivicRisk self-insurance pools CivicRisk West (previously West Pool), CivicRisk Metro (previously Metro Pool) and CivicRisk Mutual (previously United Independent Pools).

MMS operates as a mutual for the benefit of the members who are the sixteen Councils which make up our combined CivicRisk membership being Blacktown, Blue Mountains, Burwood, Bayside, Cumberland, Camden, Hawkesbury, Fairfield, Hunters Hill, Kiama, Lane Cove, Liverpool, Penrith, Parramatta, Shellharbour and Wollongong.

The CivicRisk Self-insurance pools have been operating since the late 1980's when Councils could not purchase insurance in the market and the Councils decided to work together to share the risks and self-fund their claims costs.

MMS was created to move the administration staff and responsibilities from West Pool (now CivicRisk West) to a separate entity that provides the services to all three pools. The creation of obligations rather than a change in the underlying operations.

(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.

D3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by Revenue NSW.

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.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,432	1,287
Post-employment benefits	98	120
Total	1,530	1,407

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	42
Councillors' fees	142	125
Other Councillors' expenses (including Mayor)	6	8
Total	192	175

E2 Other relationships

E2-1 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	52	56
Remuneration for audit and other assurance services	52	56
Total Auditor-General remuneration	52	56
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal auditors	69	50
Remuneration for audit and other assurance services	69	50
Total remuneration of non NSW Auditor-General audit firms	69	50
Total audit fees	121	106

F Other matters

F1-1 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	1,369	(910)
Add / (less) non-cash items:		
Depreciation and amortisation	4,174	4,367
(Gain) / loss on disposal of assets	305	47
Non-cash capital grants and contributions	–	(31)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(147)	140
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(704)	(399)
Increase / (decrease) in provision for impairment of receivables	(85)	65
(Increase) / decrease of other current assets	2	(9)
(Increase) / decrease of contract asset	424	(424)
Increase / (decrease) in payables	478	585
Increase / (decrease) in other accrued expenses payable	299	(52)
Increase / (decrease) in other liabilities	333	452
Increase / (decrease) in contract liabilities	1,070	2,574
Increase / (decrease) in employee benefit provision	41	(26)
Net cash flows from operating activities	7,559	6,379

F2-1 Events occurring after the reporting date

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

F3 Statement of developer contributions as at 30 June 2023

F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Other	1,205	843	–	–	–	(220)	–	1,828	–
S7.11 contributions – under a plan	1,205	843	–	–	–	(220)	–	1,828	–
Total S7.11 and S7.12 revenue under plans	1,205	843	–	–	–	(220)	–	1,828	–
Total contributions	1,205	843	–	–	–	(220)	–	1,828	–

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.

F3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER 27 NOVEMBER 2013									
Other	1,205	843	–	–	–	(220)	–	1,828	–
Total	1,205	843	–	–	–	(220)	–	1,828	–

F4 Statement of performance measures

F4-1 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}	(936)	(4.81)%	(12.99)%	(12.53)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	19,456				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	18,323	83.58%	84.85%	84.23%	> 60.00%
Total continuing operating revenue ¹	21,922				
3. Unrestricted current ratio					
Current assets less all external restrictions	22,522	2.30x	2.24x	3.54x	> 1.50x
Current liabilities less specific purpose liabilities	9,807				
4. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	721	4.79%	5.92%	4.71%	< 5.00%
Rates and annual charges collectable	15,050				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	24,548	19.10	18.47	16.63	> 3.00
Monthly payments from cash flow of operating and financing activities	1,285	months	months	months	months

(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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Council of the Municipality of Hunters Hill

To the Councillors of Council of the Municipality of Hunters Hill

Opinion

I have audited the accompanying financial statements of Council of the Municipality of Hunters Hill (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:

- 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 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 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.

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 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 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.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY



i

Clr Zac Miles
 Mayor
 The Council of the Municipality of Hunter's Hill
 PO Box 21
 HUNTER'S HILL NSW 2110

Contact: Unaib Jeffrey
 Phone no: 02 9275 7450
 Our ref: R008-16585809-45490

18 October 2023

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2023
 The Council of the Municipality of Hunter's Hill**

I have audited the general purpose financial statements (GPFS) of The Council of the Municipality of Hunter's Hill (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified 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.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	14.2	13.2	↑ 7.6
Grants and contributions revenue	3.6	2.8	↑ 28.6
Operating result from continuing operations	1.4	(0.9)	↑ 255.6
Net operating result before capital grants and contributions	(1.1)	(2.5)	↓ 56.0

The Council's operating net loss result from continuing operations being \$1.1 million (including depreciation and amortisation expense of \$4.2 million) was \$1.4 million improvement compared to the 2021–22 net loss result. The improvement in the net result for the year is mainly attributable to \$0.8 million increase in grant income recognised, \$0.4 million increase in user charges and fees and \$0.4 million increase in other revenue.

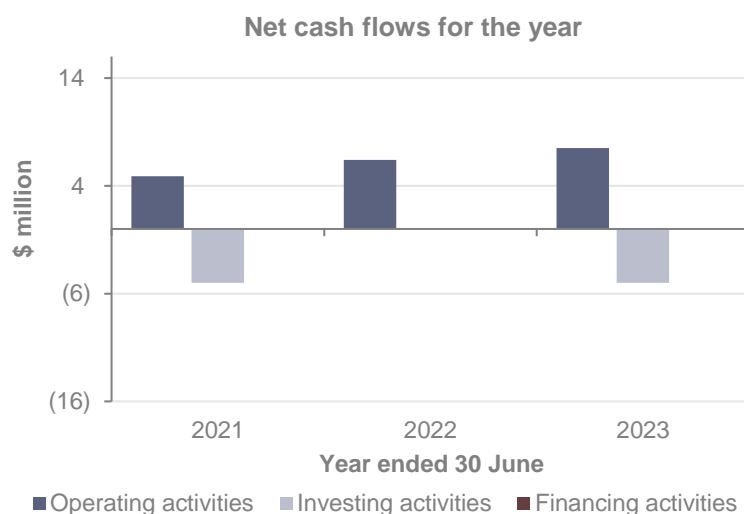
During 2022-23, total expenditure increased by \$1.0 million which relates primarily to a \$0.3 million increase in materials and services and an increase in employee benefits expense of \$0.7 million.

Rates and annual charges revenue increased by \$1.0 million in 2022-23, mainly due to the rate peg increase.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities increased due to increase in rates and annual charges received during the year as well as an increase in grants and contributions.

Cash outflows from investing activities increased due to additional investments purchased during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	28.6	24.8	External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges and special levies. The decrease for the year is primarily attributable to a decrease in general fund and domestic waste management.
Restricted and allocated cash, cash equivalents and investments:			Balances are internally restricted due to Council policy or decisions for forward plans including works programs. The increase is primarily attributable to deposits and bonds held by Council and funds for allocated for Boronia Park which is an on-going project of the Council.
• External restrictions	8.9	9.1	
• Internal allocations	9.5	6.4	

PERFORMANCE

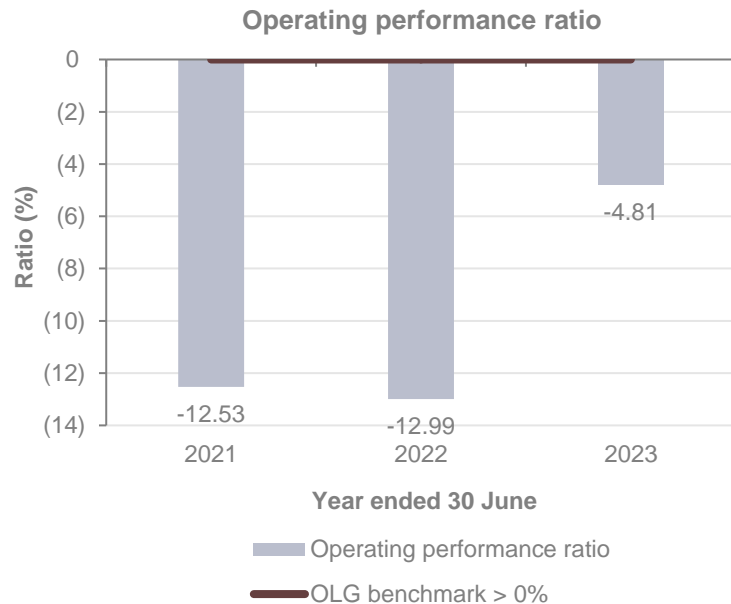
Performance measures

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

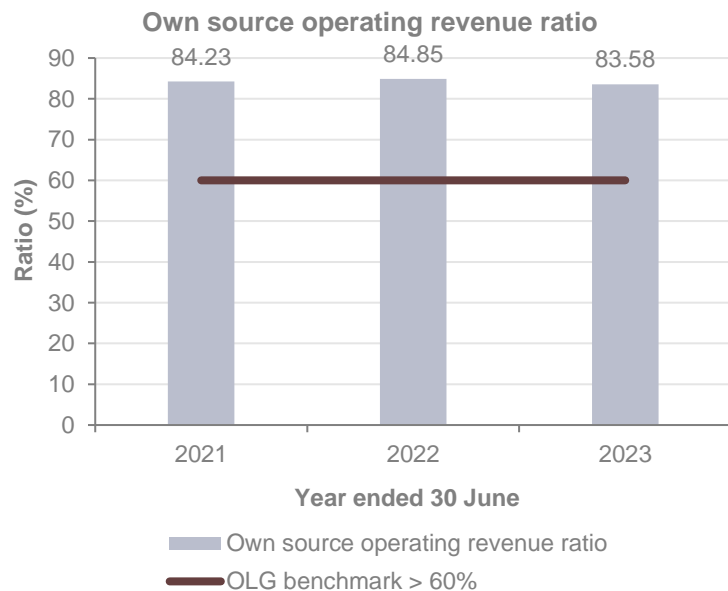
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council exceeded the benchmark for the current reporting period.

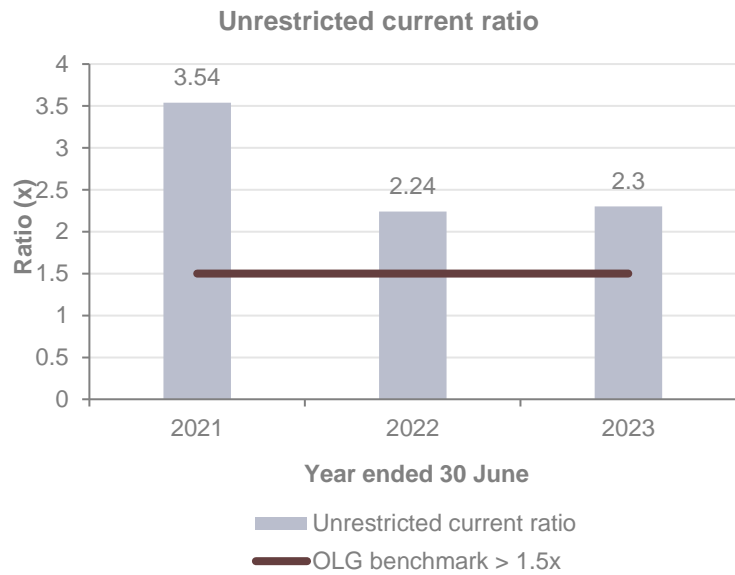
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

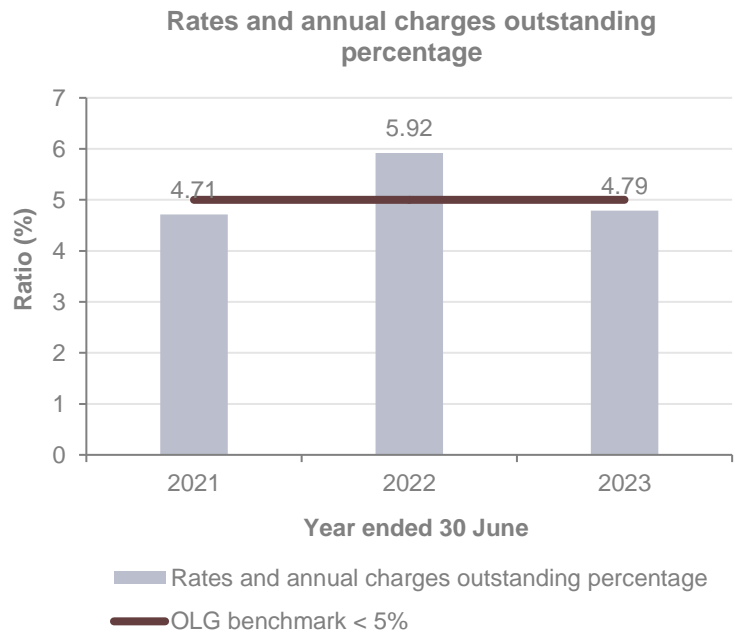
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

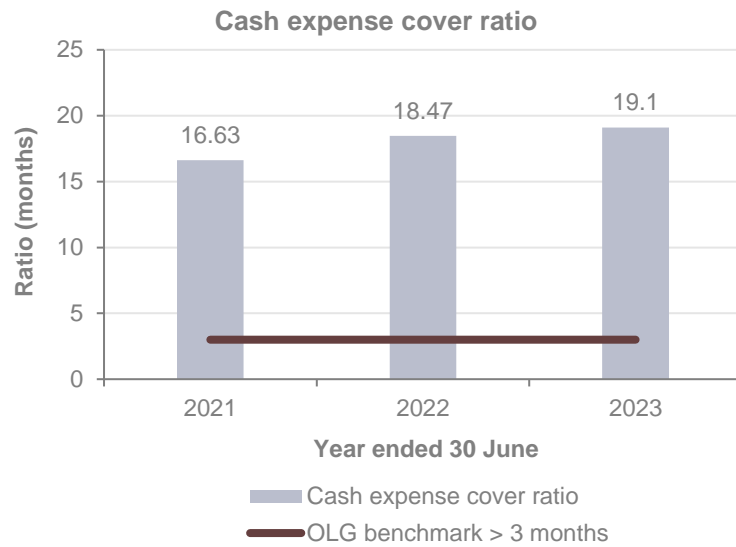
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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.



Infrastructure, property, plant and equipment renewals

Council renewed \$3.9 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads and other structures.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

The Council of the Municipality of Hunter's Hill

SPECIAL SCHEDULES
for the year ended 30 June 2023



The Council of the Municipality of Hunter's Hill

Special Schedules

for the year ended 30 June 2023

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The Council of the Municipality of Hunter's Hill

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	9,957	10,914
Plus or minus adjustments ²	b	(2)	(1)
Notional general income	c = a + b	9,955	10,913
Permissible income calculation			
Special variation percentage ³	d	16.90%	9.24%
Less expiring special variation amount	g	(580)	(531)
Plus special variation amount	h = d x (c + g)	1,584	959
Sub-total	k = (c + g + h + i + j)	10,959	11,341
Plus (or minus) last year's carry forward total	l	1	49
Less valuation objections claimed in the previous year	m	(2)	(5)
Sub-total	n = (l + m)	(1)	44
Total permissible income	o = k + n	10,958	11,385
Less notional general income yield	p	10,914	11,342
Catch-up or (excess) result	q = o - p	44	44
Plus income lost due to valuation objections claimed ⁴	r	5	-
Carry forward to next year ⁵	t = q + r + s	49	44

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.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) 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 Local Government Act 1993. 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

Council of the Municipality of Hunters Hill

To the Councillors of Council of the Municipality of Hunters Hill

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Council of the Municipality of Hunters Hill (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 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.

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.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY

The Council of the Municipality of Hunter's Hill

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		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				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Council Offices/ Administration Centres	504	–	67	119	4,762	7,859	61.0%	6.0%	26.0%	6.0%	1.0%
	Council Works Depot	441	–	35	254	509	1,206	12.0%	7.0%	44.0%	33.0%	4.0%
	Council Public Halls	4,144	1,063	339	415	5,526	12,728	7.0%	32.0%	28.0%	23.0%	10.0%
	Other Buildings	1,093	–	122	170	5,697	10,550	19.0%	43.0%	28.0%	9.0%	1.0%
	Sub-total	6,182	1,063	563	958	16,494	32,343	24.2%	28.3%	28.1%	14.7%	4.7%
Other structures	Other structures	3,985	299	466	108	9,713	21,190	9.0%	22.0%	51.0%	14.0%	4.0%
	Sub-total	3,985	299	466	108	9,713	21,190	9.0%	22.0%	51.0%	14.0%	4.0%
Roads	Sealed roads	2,636	2,199	466	1,747	38,149	54,336	7.0%	61.0%	26.0%	6.0%	0.0%
	Bridges	–	–	10	–	267	481	0.0%	100.0%	0.0%	0.0%	0.0%
	Footpaths	372	64	201	362	10,289	15,029	10.0%	28.0%	58.0%	3.0%	1.0%
	Other road assets	88	–	14	39	2,414	3,323	55.0%	30.0%	13.0%	2.0%	0.0%
	Bulk earthworks	–	–	–	–	6,142	6,142	100.0%	0.0%	0.0%	0.0%	0.0%
	Car Parks	–	–	1	101	1,412	1,516	79.0%	19.0%	2.0%	0.0%	0.0%
	Sub-total	3,096	2,263	692	2,249	58,673	80,827	17.9%	48.4%	28.8%	4.7%	0.2%
Stormwater drainage	Stormwater drainage	60	68	449	91	17,167	27,243	17.0%	1.0%	82.0%	0.0%	0.0%
	Sub-total	60	68	449	91	17,167	27,243	17.0%	1.0%	82.0%	0.0%	0.0%
Kerb and Gutter	Kerb and Gutter	774	68	361	1	14,366	20,412	3.0%	14.0%	79.0%	4.0%	0.0%
	Sub-total	774	68	361	1	14,366	20,412	3.0%	14.0%	79.0%	4.0%	0.0%
Total – all assets		14,097	3,761	2,531	3,407	116,413	182,015	16.2%	30.8%	44.9%	6.8%	1.3%

(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

The Council of the Municipality of Hunter's Hill

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

5 **Very poor**

Urgent renewal/upgrading required

The Council of the Municipality of Hunter's Hill

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	1,899	55.30%	47.61%	147.26%	> 100.00%
Depreciation, amortisation and impairment	3,434				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	14,097	11.90%	7.26%	7.90%	< 2.00%
Net carrying amount of infrastructure assets	118,486				
Asset maintenance ratio					
Actual asset maintenance	3,407	134.61%	153.74%	121.17%	> 100.00%
Required asset maintenance	2,531				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	3,761	2.07%	2.65%	2.75%	
Gross replacement cost	182,015				

(*) 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.