

Snowy Monaro Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Snowy Monaro Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business	4
Income Statement of sewerage services business	5
Income Statement of waste management business	6
Income Statement of residential aged care business	7
Statement of Financial Position of water supply business	8
Statement of Financial Position of sewerage services business	9
Statement of Financial Position of waste management business	10
Statement of Financial Position of residential aged care business	11
Material accounting policy information	12
Correction of errors – water supply business	15
Correction of errors – waste management business	17
Auditor's Report on Special Purpose Financial Statements	18

Background

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

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

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

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

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

Snowy Monaro Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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

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

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

Signed in accordance with a resolution of Council made on 14 November 2024.



Mr Christopher Hanna
Mayor

29.11.2024



Ms Tricia Hopkins
Councillor

29.11.2024



Mr Stephen Dunshea
Chief Executive Officer

29.11.2024



Mr Simon Rennie

Responsible Accounting Officer

29.11.2024

Snowy Monaro Regional Council

Income Statement of water supply business

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	3,097	2,931
User charges	6,721	5,416
Interest and investment income	1,346	824
Grants and contributions provided for operating purposes	40	–
Other income	158	179
Total income from continuing operations	11,362	9,350
Expenses from continuing operations		
Employee benefits and on-costs	2,682	2,534
Materials and services	4,304	3,664
Depreciation, amortisation and impairment ¹	5,640	4,866
Net loss from the disposal of assets	(4)	152
Other expenses	275	48
Total expenses from continuing operations	12,897	11,264
Surplus (deficit) from continuing operations before capital amounts	(1,535)	(1,914)
Grants and contributions provided for capital purposes	8,372	3,930
Surplus (deficit) from continuing operations after capital amounts	6,837	2,016
Surplus (deficit) from all operations before tax	6,837	2,016
Surplus (deficit) after tax	6,837	2,016
Plus accumulated surplus ¹	108,394	106,378
Plus adjustments for amounts unpaid:		
Closing accumulated surplus ¹	115,231	108,394
Return on capital %	(0.8)%	(1.1)%
Subsidy from Council	9,397	8,779
Calculation of dividend payable:		
Surplus (deficit) after tax	6,837	2,016
Less: capital grants and contributions (excluding developer contributions)	(8,372)	(3,930)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

(1) Restatement has occurred to comparatives - refer to Correction of Error note below

Snowy Monaro Regional Council

Income Statement of sewerage services business

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	9,844	7,224
User charges	583	1,880
Interest and investment income	432	295
Grants and contributions provided for operating purposes	–	4
Other income	3	22
Total income from continuing operations	10,862	9,425
Expenses from continuing operations		
Employee benefits and on-costs	2,576	2,068
Materials and services	4,484	5,033
Depreciation, amortisation and impairment	3,706	3,083
Net loss from the disposal of assets	(56)	–
Other expenses	28	133
Total expenses from continuing operations	10,738	10,317
Surplus (deficit) from continuing operations before capital amounts	124	(892)
Grants and contributions provided for capital purposes	2,026	5,520
Surplus (deficit) from continuing operations after capital amounts	2,150	4,628
Surplus (deficit) from all operations before tax	2,150	4,628
Less: corporate taxation equivalent (25%) [based on result before capital]	(31)	–
Surplus (deficit) after tax	2,119	4,628
Plus accumulated surplus	109,859	105,231
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	31	–
Closing accumulated surplus	112,009	109,859
Return on capital %	0.1%	(0.7)%
Subsidy from Council	5,369	5,871
Calculation of dividend payable:		
Surplus (deficit) after tax	2,119	4,628
Less: capital grants and contributions (excluding developer contributions)	(2,026)	(5,520)
Surplus for dividend calculation purposes	93	–
Potential dividend calculated from surplus	47	–

Snowy Monaro Regional Council

Income Statement of waste management business

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
Annual charges	6,405	5,662
User charges	2,766	3,053
Interest and investment income	165	130
Grants and contributions provided for operating purposes	13	–
Net gain from the disposal of assets	5	–
Other income	38	243
Total income from continuing operations	9,392	9,088
Expenses from continuing operations		
Employee benefits and on-costs	2,915	2,694
Borrowing costs	41	946
Materials and services	4,666	3,940
Depreciation, amortisation and impairment	1,784	1,762
Other expenses	723	50
Total expenses from continuing operations	10,129	9,392
Surplus (deficit) from continuing operations before capital amounts	(737)	(304)
Grants and contributions provided for capital purposes	111	166
Surplus (deficit) from continuing operations after capital amounts	(626)	(138)
Surplus (deficit) from all operations before tax	(626)	(138)
Surplus (deficit) after tax	(626)	(138)
Plus accumulated surplus ¹	2,351	2,489
Plus adjustments for amounts unpaid:		
Closing accumulated surplus ¹	1,725	2,351
Return on capital %	(2.7)%	2.4%
Subsidy from Council	1,820	446

(1) Restatement has occurred to comparatives - refer to Correction of Error note below

Snowy Monaro Regional Council

Income Statement of residential aged care business

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from discontinued operations		
User charges	99	220
Fees	879	1,147
Interest and investment income	–	105
Grants and contributions provided for operating purposes	3,018	3,396
Other income	21	8
Total income from discontinued operations	4,017	4,876
Expenses from discontinued operations		
Employee benefits and on-costs	3,372	3,684
Materials and services	5,404	3,837
Depreciation, amortisation and impairment	626	438
Net loss from the disposal of assets	819	–
Total expenses from discontinued operations	10,221	7,959
Surplus (deficit) from discontinued operations before capital amounts	(6,204)	(3,083)
Grants and contributions provided for capital purposes	107	24
Surplus (deficit) from discontinued operations after capital amounts	(6,097)	(3,059)
Surplus (deficit) from all operations before tax	(6,097)	(3,059)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
Surplus (deficit) after tax	(6,097)	(3,059)
Plus accumulated surplus	(4,781)	(1,722)
Plus adjustments for amounts unpaid:		
– Subsidy paid/contribution to operations/interfund notional debt forgiveness ²	10,878	–
Closing accumulated surplus	–	(4,781)
Return on capital %	0.0%	(20.0)%
Subsidy from Council	6,204	3,702

(2) Refer to Page 12, Note (d)

Snowy Monaro Regional Council

Statement of Financial Position of water supply business

as at 30 June 2024

\$ '000	2024	2023 Restated	2022 Restated
ASSETS			
Current assets			
Cash and cash equivalents	–	4,000	23,054
Investments	36,036	26,956	3,647
Receivables	3,781	3,755	3,745
Total current assets	39,817	34,711	30,446
Non-current assets			
Infrastructure, property, plant and equipment ¹	182,829	170,562	156,430
Total non-current assets	182,829	170,562	156,430
Total assets	222,646	205,273	186,876
LIABILITIES			
Current liabilities			
Contract liabilities	3,159	1,794	–
Payables	1,264	340	340
Total current liabilities	4,423	2,134	340
Total liabilities	4,423	2,134	340
Net assets	218,223	203,139	186,536
EQUITY			
Accumulated surplus ¹	115,231	108,394	106,377
Revaluation reserves ¹	102,992	94,745	80,159
Total equity	218,223	203,139	186,536

(1) Restatement has occurred in comparatives - refer to Correction of Error note below

Snowy Monaro Regional Council

Statement of Financial Position of sewerage services business

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	–	8,578
Investments	11,400	–
Receivables	4,338	3,539
Total current assets	15,738	12,117
Non-current assets		
Infrastructure, property, plant and equipment	127,734	123,846
Total non-current assets	127,734	123,846
Total assets	143,472	135,963
LIABILITIES		
Current liabilities		
Contract liabilities	744	1,128
Payables	409	–
Total current liabilities	1,153	1,128
Total liabilities	1,153	1,128
Net assets	142,319	134,835
EQUITY		
Accumulated surplus	112,009	109,859
Revaluation reserves	30,310	24,976
Total equity	142,319	134,835

Snowy Monaro Regional Council

Statement of Financial Position of waste management business

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1 Restated	2022 Category 1 Restated
ASSETS			
Current assets			
Cash and cash equivalents	2	3	3
Investments	11,997	10,564	10,533
Receivables	1,045	825	703
Total current assets	13,044	11,392	11,239
Non-current assets			
Receivables	10	108	168
Infrastructure, property, plant and equipment ¹	26,146	27,015	24,760
Total non-current assets	26,156	27,123	24,928
Total assets	39,200	38,515	36,167
LIABILITIES			
Current liabilities			
Contract liabilities	201	201	–
Payables	232	–	–
Borrowings	–	13	27
Total current liabilities	433	214	27
Non-current liabilities			
Borrowings	–	–	12
Provisions	35,291	34,445	33,614
Total non-current liabilities	35,291	34,445	33,626
Total liabilities	35,724	34,659	33,653
Net assets	3,476	3,856	2,514
EQUITY			
Accumulated surplus ¹	1,725	2,351	2,489
Revaluation reserves ¹	1,751	1,505	25
Total equity	3,476	3,856	2,514

(1) Restatement has occurred to comparatives - refer to Correction of Error note below

Snowy Monaro Regional Council

Statement of Financial Position of residential aged care business

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Receivables	3	90
Other	56	–
Total current assets	59	90
Non-current assets		
Infrastructure, property, plant and equipment	–	15,396
Intangible assets	–	117
Total non-current assets	–	15,513
Total assets	59	15,603
LIABILITIES		
Current liabilities		
Overdraft ^{1.}	–	7,040
Payables	59	4,083
Total current liabilities	59	11,123
Total liabilities	59	11,123
Net assets	–	4,480
EQUITY		
Accumulated surplus	–	(4,781)
Revaluation reserves	–	9,261
Total equity	–	4,480

(1.) The business does not have its own separate bank account and the reported overdraft amount reflects the notional bank account balance as if the business had its own account. This cash facility is provided through Councils operating bank account within the General Fund.

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1 – business activities with gross operating revenue more than \$2 million

a. Water Supply

Water supply services for residential and commercial activities

b. Sewerage Service

Sewerage reticulation, treatment and associated activities

c. Waste Management

Collection and disposal of garbage for residential and commercial activities

d. Residential Aged Care

Combined services offered at Yallambee Lodge and Snowy River Hostel. Effective 28 March 2024, the Snowy River Hostel was closed with assets transferred from the Residential Aged Care Business to Council's General Fund. Effective 12 April 2024, under a Transfer Deed Agreement, Council transferred the Business, Assets, Liabilities and operational responsibility of the Yallambee Lodge business to Respect Group Limited for nil consideration, so this business activity represents a discontinued operation in FY2023/24.

Note – Material accounting policy information (continued)

Category 2 – business activities with gross operating revenue less than \$2 million

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

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

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

In accordance with the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW's) regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a

Note – Material accounting policy information (continued)

range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.

Correction of errors - water supply business

Water Supply business activity

Nature of prior period error - Water Pipes

Continuous data cleansing and re-assessments during FY2023/24 have revealed certain anomalies in Council's asset registers.

Inaccuracies pertaining to the overstated useful and remaining lives utilised in the comprehensive revaluation of the Water Supply network assets carried out in FY2021/22, were discovered. This resulted in a decrement to Asset Revaluation Reserve and Net Written Down Value of \$16.3m at 1 July 2022 and an increase to depreciation of \$739,000 and an indexation decrement of \$1.496m in FY2022/23.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented being 1 July 2022, as a decrement to Assets with the corresponding decrement to Asset Revaluation Reserve at that date.

Impacts on the Income Statement for the year ended 30 June 2023 and Statement of Financial Position as at 30 June 2023 are also presented.

Changes to the opening Statement of Financial Position at 1 July 2022

Statement of Financial Position

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Infrastructure, property, plant and equipment	172,779	(16,349)	156,430
Total non-current assets	172,779	(16,349)	156,430
Total assets	203,225	(16,349)	186,876
Net assets	202,885	(16,349)	186,536
Accumulated surplus	106,377	–	106,377
Revaluation Reserves	96,508	(16,349)	80,159
Total equity	202,885	(16,349)	186,536

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Infrastructure, property, plant and equipment	189,146	(18,584)	170,562
Total non-current assets	189,146	(18,584)	170,562
Total assets	223,857	(18,584)	205,273
Net assets	221,723	(18,584)	203,139
Accumulated surplus	109,133	(739)	108,394
Revaluation Reserves	112,590	(17,845)	94,745
Total equity	221,723	(18,584)	203,139

Income Statement

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
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Correction of errors - water supply business (continued)

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Depreciation, amortisation and impairment	4,127	739	4,866
Total expenses from continuing operations	10,525	739	11,264
Operating result from discontinued operations	-	-	-
Net operating result for the year	(1,175)	(739)	(1,914)

Correction of errors - waste management business

Waste Management business activity

Nature of prior period error - Disposals

Continuous data cleansing and re-assessments during FY2023/24 have revealed certain anomalies in Council's asset registers.

The asset class impacted by prior period corrections in the Waste Management business is community land. This resulted in a \$49,000 decrement to accumulated surplus and net written down value of Waste Management business assets at 1 July 2022, and a decrease to revaluation reserves of \$14,000 during FY2022/23.

The error identified above has been corrected by restating the balances at the beginning of the earliest period presented being 1 July 2022, as a decrement to Assets with the corresponding decrement to Accumulated Surplus at that date. Impacts on the Income Statement for the year ended 30 June 2023 and Statement of Financial Position as at 30 June 2023 are also presented.

Changes to the opening Statement of Financial Position at 1 July 2022

Statement of Financial Position

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Infrastructure, property, plant and equipment	24,809	(49)	24,760
Total non-current assets	24,977	(49)	24,928
Total assets	36,216	(49)	36,167
Net assets	2,563	(49)	2,514
Accumulated surplus	2,538	(49)	2,489
Revaluation reserves	25	–	25
Total equity	2,563	(49)	2,514

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Infrastructure, property, plant and equipment	27,077	(63)	27,014
Total non-current assets	27,185	(63)	27,122
Total assets	38,577	(63)	38,514
Net assets	3,918	(63)	3,855
Accumulated surplus	2,400	(49)	2,351
Revaluation Reserves	1,518	(14)	1,504
Total equity	3,918	(63)	3,855

Snowy Monaro Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Snowy Monaro Regional Council

To the Councillors of Snowy Monaro Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Snowy Monaro Regional Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Waste management
- Aged care

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



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

29 November 2024
SYDNEY

