



For the year ending 30 June 2024

Financial Statements

maitland
CITY COUNCIL

Maitland City Council

Financial statements for the year ended 30 June 2024

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Maitland City Council

General purpose financial statements for the year ended 30 June 2024

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Maitland City Council is constituted under the Local Government Act (1993) and has its principal place of business at:

Maitland City Council
263 High Street
Maitland NSW 2320

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 available on our website: www.maitland.nsw.gov.au

Maitland City Council

**General purpose financial statements
for the year ended 30 June 2024**

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

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

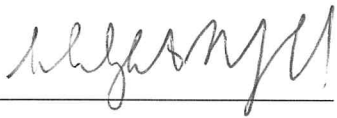
- * The *Local Government Act 1993* and the Regulations made thereunder
- * The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- * The Local Government Code of Accounting Practice and Financial Reporting

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

- * Present fairly the Council's operating result and financial position for the year, and
- * Accord with Council's accounting and other records

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

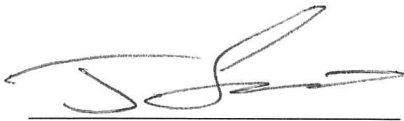
Signed in accordance with a resolution of Council made on 22/10/2024.



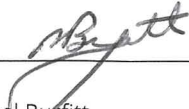
Philip Penfold
Mayor
22/10/2024



Deputy Mayor
22/10/2024



Jeff Smith
General Manager
22/10/2024



Michael Burfitt
Responsible Accounting Officer
22/10/2024

Maitland City Council

Income Statement For the year ended 30 June 2024

Original unaudited budget 2024 \$'000		Notes	Actual 2024 \$'000	Actual 2023 \$'000
	Income from continuing operations			
	<i>Revenue:</i>			
106,796	Rates and annual charges	B2-1	107,192	99,709
9,214	User charges and fees	B2-2	11,986	10,230
2,736	Other revenues		5,316	3,025
10,474	Grants and contributions provided for operating purposes	B2-3	18,022	19,368
15,174	Grants and contributions provided for capital purposes	B2-3	77,506	75,356
8,189	Interest and investment income		11,587	7,152
1,085	Other Income		1,301	1,091
153,668	Total income from continuing operations		232,910	215,931
	Expenses from continuing operations			
58,788	Employee benefits and on-costs	B3-1	61,626	53,138
42,240	Materials and Services	B3-2	73,035	50,165
2,491	Borrowing costs		2,521	2,474
27,334	Depreciation, amortisation and impairment of non-financial assets	B3-3	31,097	29,869
8,884	Other expenses		10,384	8,270
-	Net loss from the disposal of assets		786	3,785
139,736	Total expenses from continuing operations		179,449	147,701
13,932	Operating result from continuing operations		53,461	68,230
13,932	Net operating result for the year Attributable to Council		53,461	68,230
(1,242)	Net operating result for the year before grants and contributions provided for capital purposes		(24,045)	(7,126)

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

Maitland City Council

Statement of Comprehensive Income for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Net operating result for the year - from income statement		53,461	68,230
Other comprehensive income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>113,267</u>	<u>337,299</u>
Total other comprehensive income for the year		113,267	337,299
Total comprehensive income for the year attributable to Council		<u>166,728</u>	<u>405,529</u>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Maitland City Council

Statement of Financial Position as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	26,093	25,189
Investments	C1-2	134,343	127,434
Receivables	C1-4	11,157	11,709
Contract assets and Contract cost assets		2,133	1,628
Inventories		648	642
Total current assets		174,374	166,602
Non-current assets			
Investments	C1-2	76,025	74,212
Infrastructure, property, plant and equipment (IPPE)	C1-5	2,040,012	1,862,725
Intangible assets		61	132
Right of use assets		996	882
Total non-current assets		2,117,094	1,937,951
Total assets		2,291,468	2,104,553
LIABILITIES			
Current liabilities			
Payables	C2-1	17,750	13,921
Contract liabilities	C2-2	14,022	11,705
Lease liabilities		440	376
Borrowings	C2-3	8,098	9,002
Employee benefit provisions	C2-4	14,484	14,968
Provisions	C2-5	2,147	-
Total current liabilities		56,941	49,972
Non-current liabilities			
Lease liabilities		585	473
Borrowings	C2-3	72,234	72,772
Employee benefit provisions	C2-4	322	280
Provisions	C2-5	34,750	21,148
Total non-current liabilities		107,891	94,673
Total liabilities		164,832	144,645
Net assets		2,126,636	1,959,908
EQUITY			
Accumulated surplus		1,173,758	1,120,297
Revaluations reserves	C3-1	952,878	839,611
Total equity		2,126,636	1,959,908

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

Maitland City Council

**Statement of Changes in Equity
for the year ended 30 June 2024**

	2024 \$'000			2023 \$'000		
	Accumulated surplus	IPPE revaluation reserve	Total Equity	Accumulated surplus	IPPE revaluation reserve Restated	Total Equity Restated
Opening balance at 1 July	1,120,297	839,611	1,959,908	1,052,067	502,311	1,554,378
Net operating result for the year	53,461	-	53,461	68,230	-	68,230
Other comprehensive income:						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	113,267	113,267	-	337,300	337,300
Total comprehensive income	53,461	113,267	166,728	68,230	337,300	405,530
Closing balance 30 June	1,173,758	952,878	2,126,636	1,120,297	839,611	1,959,908

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Maitland City Council

Statement of Cash Flows for the year ended 30 June 2024

Original unaudited budget 2024 \$'000		Notes	Actual 2024 \$'000	Actual 2023 \$'000
Cash flows from operating activities				
<i>Receipts:</i>				
106,796	Rates and annual charges		106,449	99,552
9,214	User charges and fees		12,929	8,784
8,189	Interest received		10,135	5,364
34,649	Grants and contributions		57,845	65,992
1,084	Other		9,281	2,233
<i>Payments:</i>				
58,788	Payments to employees		61,951	52,356
42,240	Payments for materials and services		54,919	51,423
2,491	Borrowing costs		2,548	2,443
8,523	Other		10,388	8,316
47,890	Net cash from operating activities	F1-1	66,835	67,387
Cash flows from investing activities				
<i>Receipts:</i>				
70,000	Net (purchase)/redemption of investments		(7,513)	18,744
-	Proceeds from sale of IPPE		1,469	1,318
<i>Payments:</i>				
134,411	Payments for IPPE		57,978	75,020
(64,411)	Net cash from investing activities		(64,021)	(54,958)
Cash flow from financing activities				
<i>Receipts:</i>				
6,550	Proceeds from borrowings		7,799	6,000
<i>Payments:</i>				
6,945	Repayment of borrowings		9,242	8,505
-	Principal component of lease payments		466	492
(395)	Net cash from financing activities		(1,909)	(2,997)
(16,916)	Net change in cash and cash equivalents		904	9,432
25,189	Cash and cash equivalents at beginning of year		25,189	15,757
8,273	Cash and cash equivalents at end of year	C1-1	26,093	25,189

The above Cash flow statement should be read in conjunction with the accompanying notes.

Maitland City Council

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Maitland City Council

Notes to the financial statements 30 June 2024

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22 October 2024. 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 material accounting policy information related to these financial statements are set out below. Accounting 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 Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Maitland City 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 the 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 Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Maitland City Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Fair values of infrastructure, property, plant and equipment - refer Note C1-5 and D2-1
- (ii) Tip remediation provisions - refer Note C2-5
- (iii) Employee benefit provisions - refer Note C2-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables - refer Note C1-4
- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* - refer to Notes B2-3 .

Monies and other assets received by Council

The Consolidated Fund

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

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

Maitland City Council

Notes to the financial statements 30 June 2024

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

New accounting standards and interpretations issued but not yet effective

The following new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

Council has assessed the standards and interpretations issued but not yet effective, and determined there are no material impacts on the Council's financial position, performance or disclosures expected.

- 1 AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- 2 AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of effective date
- 3 AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies & Definition of Accounting Estimates (amends AASB 7, AASB 108, AASB 134 & AASB Practice Statement 2)
- 4 AASB 2022-6 Amendments to AAS 5 - Non Current Liabilities with Covenants
- 5 AASB 2022-10 Amendments to AAS 5 - Fair Value Measurement of non-financial assets not for profit sector entities

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2024. None of these standards had an impact on reported position, performance or disclosures.

B. Financial Performance**B1-1 Functions or activities - income, expenses and assets**

Functions / Activities	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.									
	Income		Expenses		Operating results		Grants and Contributions		Carrying Amount of Assets	Carrying Amount of Assets
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Let's Connect with Each Other	66,592	57,642	62,783	64,485	3,809	(6,843)	85,761	84,456	1,807,833	1,771,785
Let's Live Sustainability	25,079	23,605	51,358	26,569	(26,279)	(2,964)	818	991	15,360	13,158
Let's Create Opportunities	38,507	39,895	18,115	16,020	20,392	23,876	-	-	11,805	12,590
Let's Lead Together	102,732	94,789	47,192	40,628	55,540	54,161	8,949	9,277	455,990	307,020
Net operating result for the year	232,910	215,931	179,449	147,702	53,461	68,230	95,528	94,724	2,290,988	2,104,553

B1-2 Components of functions or activities

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

Let's Connect with Each Other

We love our city and our neighbourhoods from our heritage areas to our new areas, and want everyone to feel welcome. We take opportunities to connect and relax with each other and make sure everyone feels included, in areas such as sports, culture and arts, and health and wellbeing. We want to be active, yet safe. We want access to all the essential services a growing community needs and to move quickly and easily about the city, no matter how we choose to travel.

Let's Create Opportunities

We want our new suburbs to have everything in place, and to complement existing suburbs and villages. We want all kinds of homes, for all types of families. We want to show off our city and its iconic sites and events. Shopping and working locally is vital, as it helping us to prepare for future industries and jobs.

Let's Live Sustainability

We love our green spaces, from parks to bushland, rivers to floodplains. We worry about our environment and want to work together to reduce our impact, including what we buy, use and throw away. We know we need to be more resilient to the impacts of climate changes.

Let's Lead Together

We want diverse leaders to listen and represent us in government, as well as in industry and community forums. We want to have our say in important decisions, including making sure our city is well planned, and knowing what will go where and when and how we are doing. We want innovative access to services and better use of technology.

Maitland City Council

Notes to the financial statements 30 June 2024

B2 Sources of income

B2-1 Rates and annual charges

	2024 \$'000	2023 \$'000
Ordinary rates		
Residential	65,156	61,147
Farmland	2,754	2,360
Mining	505	476
Business	16,041	15,159
Less: Pensioner rebates	(954)	(979)
Rates levied to ratepayers	<u>83,502</u>	<u>78,163</u>
Pensioner rate subsidies received	<u>517</u>	<u>494</u>
Total ordinary rates	<u>84,019</u>	<u>78,657</u>
Special rates		
Maitland CBD / Mall	<u>505</u>	<u>492</u>
Total special rates	<u>505</u>	<u>492</u>
Annual charges (pursuant to s.496, 496A, 496B, s.501 & s.611)		
Domestic waste management services	20,987	18,919
Stormwater management services charge	830	820
Waste management services (not domestic)	984	917
Less: Pensioner Rebate	(315)	(306)
Annual Charges levied	<u>22,486</u>	<u>20,350</u>
Pensioner annual charges subsidies received	<u>182</u>	<u>210</u>
Total annual charges	<u>22,668</u>	<u>20,560</u>
Total rates and annual charges	<u>107,192</u>	<u>99,709</u>

Council has used 1 July 2022 valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

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 in their substance.

Maitland City Council

Notes to the financial statements 30 June 2024

B2-2 User charges and fees

	2024	2023
	\$'000	\$'000
User charges		
Waste management services (not domestic)	<u>2,473</u>	<u>2,325</u>
Total user charges	<u>2,473</u>	<u>2,325</u>
Fees		
Private works - S67	346	283
TfNSW works (State roads not controlled by Council)	1,565	626
Building services - Other	315	326
Planning and building - Regulatory	2,810	2,796
Inspection fees	104	140
Section 10.7 certificates (EP&A Act)	348	306
Section 603 certificates	221	186
Registration fees	479	408
Swimming facilities	2,168	1,867
Cemeteries	147	117
Other	<u>1,010</u>	<u>850</u>
Total fees	<u>9,513</u>	<u>7,905</u>
Total user charges and fees	<u>11,986</u>	<u>10,230</u>
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	1,565	626
User charges and fees recognised at a point in time	<u>10,421</u>	<u>9,604</u>
Total user charges and fees	<u>11,986</u>	<u>10,230</u>

Material accounting policy information

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

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

Where up front fee is charged such as swimming pool admission, the fee is recognised at time of admission.

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

Maitland City Council

Notes to the financial statements 30 June 2024

B2-3 Grants and contributions

	Operating		Capital	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
- Relating to current year	375	2,028	-	-
- Prepayment received in advance	7,408	8,383	-	-
Total amount recognised as Income	7,783	10,411	-	-
Special purpose grants and non-developer contributions (tied)				
Cash Contributions				
Transport for NSW contributions	487	668	185	500
Roads to recovery	-	-	873	873
Community Care	-	54	-	-
Health and safety	-	10	-	-
Environmental programs	717	747	-	-
Recreation and culture	1,307	2,290	6,930	4,034
Storm/flood damage	3,517	1,532	-	-
Rural Fire Service	101	235	-	-
OHS Incentive Payment	192	143	-	-
Sporting groups	39	159	-	190
Staff - Motor vehicle lease payments	688	670	-	-
Other roads & bridges	2,905	2,121	7,802	6,000
Other	286	328	-	-
Total special purpose grants and non-developer contribution (tied)	10,239	8,957	15,790	11,597
Total grants and non-developer contributions	18,022	19,368	15,790	11,597
Comprising:				
- Commonwealth funding	7,783	10,411	4,826	1,634
- State funding	8,968	7,322	10,964	9,764
- Other funding	1,271	1,635	-	199
	18,022	19,368	15,790	11,597
Developer contributions (s7.4 and s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.11 / S 7.12	-	-	22,776	26,491
Non-cash contributions				
Roadworks (other than by s.711)	-	-	24,376	26,904
Drainage (other than by s.711)	-	-	12,653	7,864
Land (other than by s.711)	-	-	1,026	1,297
Bridges	-	-	-	880
Other	-	-	885	323
Total developer contributions	-	-	61,716	63,759
Total grants and contributions	18,022	19,368	77,506	75,356
Timing of revenue recognition				
Grant & contributions recognised over time	1,213	1,498	15,790	11,407
Grant & contributions recognised at a point in time	16,809	17,870	61,716	63,949
Total grants & contributions	18,022	19,368	77,506	75,356

Maitland City Council

Notes to the financial statements 30 June 2024

B2-3 Grants and contributions (cont.)

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:

Note	Operating		Capital	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Unspent funds at 1 July	4,912	3,149	129,936	113,363
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,323	3,562	28,938	30,021
Add: Funds received and not recognised as revenue in the current year	-	-	8,381	9,444
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(3,094)	(1,799)	(19,971)	(19,545)
Less: Funds received in the prior year but revenue recognised and funds spent in the current year.	-	-	(6,069)	(3,347)
Unspent funds at 30 June	<u>4,141</u>	<u>4,912</u>	<u>141,215</u>	<u>129,936</u>

Material accounting policy information

Grants and contributions

Where grant and contribution revenue arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is transferred. The performance obligations are varied according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on achievement of certain milestones for others. Each performance obligation may be satisfied 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 at a single time, where as over time recognition is where control is ongoing throughout the project. 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 grant received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

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

Developer Contributions

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

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

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

Other grants and contributions

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

Maitland City Council

Notes to the financial statements 30 June 2024

B3. Costs of providing services

B3-1 Employee benefits and on costs

	2024	2023
	\$'000	\$'000
Salaries and wages	47,544	40,530
Employee leave entitlements	9,169	8,856
Superannuation	5,930	5,094
Workers' compensation insurance	1,020	1,284
FBT	264	176
Other	170	79
	<u>64,097</u>	<u>56,019</u>
Less: Capitalised costs	<u>(2,471)</u>	<u>(2,881)</u>
Total employee costs expended	<u>61,626</u>	<u>53,138</u>

Material accounting policy information

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 D3-1 for more information.

Maitland City Council

Notes to the financial statements 30 June 2024

B3. Costs of providing services (Cont.)

B3-2 Materials and services

	2024 \$'000	2023 \$'000
Raw materials and consumables	44,890	27,762
Cost of Sales	475	415
Insurance	2,341	1,868
Telephone	177	350
Street lighting	2,691	2,399
Electricity and heating	1,040	943
Contractor Costs	1,077	1,132
Contractor and consultancy costs		
- Recycling services	3,161	2,923
- Organics collection & processing	1,505	1,858
- Waste disposal costs	714	708
- Other contractor and consultancy costs	13,762	8,815
Legal fees	670	363
Other	532	629
Total materials and contracts	73,035	50,165

Material accounting policy information

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

Maitland City Council

Notes to the financial statements 30 June 2024

B3. Costs of providing services (Cont.)

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

	Note	2024 \$'000	2023 \$'000
Intangibles - Software		70	183
Plant and equipment	C1-5	2,194	2,636
Office equipment	C1-5	125	130
Furniture and fittings	C1-5	115	31
Infrastructure	C1-5	26,812	24,639
Other assets	C1-5	183	182
Tip asset	C1-5	1,087	1,623
Right of use assets		511	446
Total depreciation and amortisation costs		31,097	29,869

Material accounting policy information

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

B4. Performance against budget

B4-1 Material budget variations

Council's original budget was adopted by the Council on 13 June 2023 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 the Council.

While these general purpose financial statements include the original budget adopted by Council, the Local Government 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 are explained below:

Revenues

1. User Charges & Fees

Actual amounts of User Charges & fees were over budget by \$2.8M (27%) and reflects increases in TfNSW maintenance fees \$1M & swimming pool income \$0.8M.

2. Other Revenue

Other revenue exceeded budget by \$2.6M from insurance recoveries not budgeted.

3. Grants and contributions provided for operating and capital purposes

Actual capital grants and contributions received exceeded budget by \$62.3M (411%). Non cash dedications were received for infrastructure (\$38M) are not budgeted as they are not reliably estimated. Capital grants received for roads & recreation infrastructure (\$14.7M) were not budgeted. Cash contributions from developers exceeded budget by \$8.9M due to development activity.

Actual operating grants and contributions received were over budget by \$7.5M (72%). Flood funding of \$3.5M and funding for regional roads repair program \$2M were not budgeted.

4. Interest

Actual interest received exceeded budget by \$3.5M (42%). Council's return on investment was above expectations due to the increase in market rates and capital held over this period.

5. Other Income

Other income exceeded budget by \$0.2M from increasing rents on Council facilities.

Expenses

1. Materials & Services

Materials & Services exceeded by \$31.3M (75%). Provision for the Anambah Landfill rehabilitation of \$14.6M impacted the results. Other unbudgeted items include prior year operating grants received spent in the current year \$3.1M and expenditure on non Council assets \$5.2M.

2. Depreciation and Amortisation

Depreciation and amortisation exceeded budget by \$3.7M (14%). Increases in infrastructure assets dedicated and acquired by Council increased depreciation which was not reflected in the budget.

3. Other Expenses

Other expenses exceeded budget by \$1.5M (17%) from increases in waste disposal levy.

Statement of cash flows

1. Cash flows from operating activities

Total Net Cash flows from operating activities were favourable to budget by \$18.9M (39%). Increases in Grants and contributions partly offset by an increase in materials & services.

2. Cash flows from investing activities

Total Net Cash flows from investing activities were in line with budget.

3. Cash flows from financing activities

Total Net Cash flows from financing activities were in line with budget.

Maitland City Council

Notes to the financial statements 30 June 2024

C. Financial Position

C1. Assets we manage

C1-1 Cash and cash equivalents

	Note	2024 \$'000	2023 \$'000
Cash at bank and on hand		18,093	13,189
Deposits at call		8,000	12,000
		<u>26,093</u>	<u>25,189</u>

C1-2 Financial investments

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Debt securities at amortised cost.	134,343	76,025	127,434	74,212
Total	134,343	76,025	127,434	74,212
Debt securities at amortised cost.				
- Term Deposits	111,753	-	116,381	7,094
- FRNs	20,578	65,430	8,543	59,091
- Bonds	2,012	10,595	2,510	8,027
	134,343	76,025	127,434	74,212

Material accounting policy information

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 expenses as incurred.

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised costs 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.

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

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

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

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

	2024 \$'000	2023 \$'000
Total cash, cash equivalents and investments	236,460	226,836
Less: Externally restricted cash, cash equivalents & investments	155,580	141,868
Cash, Cash equivalents & Investment not subject to external restrictions	80,880	84,968

	2024 restricted cash \$'000	2023 restricted cash \$'000
External restrictions		
General fund		
Developer contributions	127,198	118,231
Domestic waste management	10,225	7,020
Specific purpose unexpended grants	18,157	16,617
Total external restrictions	155,580	141,868

Cash, cash equivalents & 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.

	2024 restricted cash \$'000	2023 restricted cash \$'000
Internal allocations		
Employee leave entitlements	3,741	3,365
Economic development	694	903
Plant	353	-
Waste disposal site construction	2,101	2,421
Technology	2,258	3,198
Carry over works	10,931	17,264
Capital Works	5,545	-
Environmental works	829	690
Workers compensation	1,038	1,038
Asset management	2,195	2,061
General purpose reserve	6,292	5,727
Waste disposal site rehabilitation	13,416	12,486
Transfer station construction	10,582	13,898
Financial Assistance Grant advance payment	7,408	8,383
Election cost reserve	662	512
Pandemic / Emergency Response	899	899
Unexpended loans	4,424	5,284
Total internal allocations	73,368	78,129

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

Maitland City Council

Notes to the financial statements 30 June 2024

C1-4 Receivables

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	7,231	-	6,201	-
Interest and extra charges	893	-	632	-
User charges and fees	179	-	252	-
Government grants and subsidies	1,010	-	306	-
Contributions	195	-	383	-
Net GST Receivable	1,376	-	1,381	-
Property rentals	285	-	254	-
Other	106	-	2,418	-
Total	11,275	-	11,827	-
Less: Provision for impairment				
- Other	(118)	-	(118)	-
Net receivables	11,157	-	11,709	-

Material accounting policy information

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 costs is recognised on a expected credit loss (ECL) basis. When determining whether the credit risk of a financial assets has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable information that is relevant and available without 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.

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

When considering the ECL for rate debtors, Council takes into account that unpaid rates represents a charge against the rateable property that will be recovered when the property is sold.

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 cash flows expected to be received.

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, or when the receivables are over 2 years past due, which ever occurs first.

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

Maitland City Council

Notes to the financial statements 30 June 2024

C1-5 Infrastructure. property, plant and equipment

By aggregated asset class	At 1 July 2023			Movements during year						At 30 June 2024		
	Gross carrying amount \$'000	Accumulated Depreciation \$'000	Net carrying amount \$'000	Renewals ⁽¹⁾ \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn and impairment \$'000	Transfers \$'000	Revaluation increments/ (decrements) \$'000	Gross carrying amount \$'000	Accumulated Depreciation \$'000	Net carrying amount \$'000
Capital WIP	26,874	-	26,874	18,455	4,947	-	-	(17,794)	-	32,482	-	32,482
Plant, equipment, furniture and fittings	28,498	19,649	8,849	-	6,871	(245)	(2,434)	-	-	31,663	18,622	13,041
Land	249,979	-	249,979	-	2,991	-	-	-	-	252,970	-	252,970
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
- Buildings & other structures	279,065	123,991	155,074	3,124	622	-	(4,270)	1,772	5,490	289,265	127,453	161,812
- Roads, bridges & footpaths	1,255,146	259,395	995,751	11,183	24,376	(765)	(17,041)	11,341	77,280	1,369,946	267,821	1,102,125
- Storm water drainage	400,060	71,754	328,306	2,967	12,648	-	(3,118)	496	16,836	436,534	78,399	358,135
- Open space / recreational assets	105,843	35,365	70,478	-	5,707	(1,113)	(2,094)	4,185	13,194	119,505	29,148	90,357
- Other infrastructure (waste depot)	6,121	2,699	3,422	548	-	-	(287)	-	-	6,670	2,987	3,683
Other assets	15,458	1,203	14,255	-	1,082	-	(183)	-	468	16,837	1,215	15,622
Tip asset	18,161	8,424	9,737	-	-	-	(1,087)	-	1,135	19,296	9,511	9,785
Totals	2,385,205	522,480	1,862,725	36,278	59,244	(2,123)	(30,514)	-	114,403	2,575,168	535,155	2,040,012

1. Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

Maitland City Council

Notes to the financial statements 30 June 2024

C1-5 Infrastructure. Property, plant and equipment (Cont)

By aggregated asset class	At 1 July 2022			Movements during year						Restated At 30 June 2023		
	Gross carrying amount \$'000	Accumulated Depreciation \$'000	Net carrying amount \$'000	Renewals (1) \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn and impairment \$'000	Transfers \$'000	Revaluation increments/ (decrements) \$'000	Gross carrying amount \$'000	Accumulated Depreciation \$'000	Net carrying amount \$'000
Capital WIP	51,679	-	51,679	14,544	9,211	-	-	(48,560)	-	26,874	-	26,874
Plant, equipment, furniture & fittings	26,061	18,653	7,408	-	4,618	(380)	(2,797)	-	-	28,498	19,649	8,849
Land	134,187	-	134,187	-	3,346	-	-	-	112,446	249,979	-	249,979
Infrastructure:												
- Buildings & other structures	175,252	88,253	86,999	2,911	18,592	-	(3,114)	30,081	19,604	279,065	123,991	155,074
- Roads, bridges & footpaths	1,134,269	257,654	876,615	22,862	27,785	(3,665)	(17,175)	10,876	78,453	1,255,146	259,395	995,751
- Storm water drainage	245,462	43,929	201,533	452	7,864	-	(1,743)	-	120,200	400,060	71,754	328,306
- Open space / recreational assets	91,104	31,409	59,695	-	1,114	(936)	(2,325)	6,435	6,495	105,843	35,365	70,478
- Other infrastructure (waste depots)	4,954	2,417	2,537	-	-	-	(282)	1,167	-	6,121	2,699	3,422
Other assets	15,029	1,235	13,794	-	545	(4)	(182)	-	102	15,458	1,203	14,255
Tip asset	10,965	6,801	4,164	-	-	-	(1,623)	-	7,196	18,161	8,424	9,737
Totals	1,888,962	450,351	1,438,610	40,769	73,075	(4,985)	(29,241)	-	344,496	2,385,205	522,480	1,862,725

C1-5 Infrastructure. Property, plant and equipment (Cont.)

Material accounting policy information

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

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

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

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

Useful lives of IPPE

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

Asset Class

Office furniture & equipment	5 - 10 years	Flood control structures	100 - 200 years
Vehicles	5 - 6 years	Roads - Surface	15 - 125 years
Plant and equipment	5 - 15 years	Roads - Structure	50 - 200 years
Buildings	30 - 150 years	Footpaths	75 years
Parks & Community improvements	5 - 50 years	Kerb and gutter	100 years
Drains & Culverts	140-200 years	Road furniture	20 years
Bulk earthworks	Infinite	Bridges	150 years

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

Revaluation Model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 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.

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. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 leases.

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.

Maitland City Council

Notes to the financial statements 30 June 2024

C2. Liabilities of Council

C2-1 Payables

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	12,072	-	8,741	-
Accrued wages and salaries	1,594	-	1,357	-
Accrued expenses - Other	648	-	675	-
Prepaid rates	3,436	-	3,148	-
Total payables	17,750	-	13,921	-
Current payables not expected to be settled within the next 12 months	-	N/A	-	N/A

Material accounting policy information

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

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

Maitland City Council

Notes to the financial statements 30 June 2024

C2-2 Contract liabilities

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Funds to construct Council controlled assets	14,022	-	11,705	-
Total contract liabilities	14,022	-	11,705	-

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

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

	2024 \$'000	2023 \$'000
Funds to construct Council controlled asset	6,069	3,347
	6,069	3,347

Significant changes in contract liabilities

Material accounting policy information

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.

Maitland City Council

Notes to the financial statements 30 June 2024

C2-3 Borrowings

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Loans:				
- Secured	7,596	70,991	8,731	72,589
Hire purchase	502	1,243	271	183
Total borrowings	8,098	72,234	9,002	72,772

(a) Changes in liabilities arising from financing activities

	2023 \$'000s	Cash flows \$'000s	Non-cash movements \$'000s		2024 \$'000s
			Acquisition	Other	
Loans:					
- secured	81,321	(2,733)	-	-	78,588
Equipment Loans	454	1,290	-	-	1,744
Other	-	-	-	-	-
Total liabilities from financing activities	81,775	(1,443)	-	-	80,332

	2022 \$'000s	Cash flows \$'000s	Non-cash movements \$'000s		2023 \$'000s
			Acquisition	Other	
Loans:					
- secured	83,431	(2,110)	-	-	81,321
Equipment Loans	849	(395)	-	-	454
Other	-	-	-	-	-
Total liabilities from financing activities	84,280	(2,505)	-	-	81,775

Maitland City Council

Notes to the financial statements 30 June 2024

C2-3 Borrowings (Cont.)

(b) Financing Arrangements	2024	2023
	\$'000	\$'000
Total facilities		
Total facilities available to council at the reporting date is:		
Asset finance facility	2,000	2,000
Corporate credit cards	140	140
	<u>2,140</u>	<u>2,140</u>
Drawn facilities		
Financing facilities drawn down at the reporting date is:		
Asset finance facility	-	-
Corporate credit cards	59	43
	<u>59</u>	<u>43</u>
Undrawn facilities		
Undrawn financing facilities available to council at the reporting date is:		
Asset finance facility	2,000	2,000
Corporate credit cards	81	97
	<u>2,081</u>	<u>2,097</u>

Breaches and defaults

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

Security over loans

Loans are secured over the revenue of Council.

Maitland City Council

Notes to the financial statements 30 June 2024

C2-4 Employee benefit provisions

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Annual leave	5,155	-	4,718	-
Sick leave	400	-	472	-
Long service leave	8,292	322	9,162	280
RDO / Time in Lieu	637	-	616	-
Total provisions	14,484	322	14,968	280
Current provisions not expected to be settled within the next 12 months	10,721	N/A	11,225	N/A

Material accounting policy information

Employee benefit provisions 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax & workers compensation which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C2-5 Provisions

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Tip remediation	2,147	34,750	-	21,148
Total provisions	2,147	34,750	-	21,148

Movements in provisions

	Asset remediation \$'000	Other Provision \$'000	Total \$'000
At beginning of year	21,148	-	21,148
Changes to provision:			
Revised life & costs to remediate	17,328	-	17,328
Revised discount rate	(1,579)	-	(1,579)
Total	36,897	-	36,897

Nature and purpose provisions**Asset remediation**

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip as a result of past operations.

Material accounting policy information

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

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

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

Asset remediation - tips

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated costs estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

C3. Reserves

C3-1 Nature and purpose of reserves

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of Infrastructure, property, plant & equipment.

D. Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by the Finance Department under policies approved by the Council

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

(a) Market risk - interest rate and price risk

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 movement was determined based on historical movements and economic conditions in place at the reporting date.

	2024	2023
	\$'000	\$'000
Impact of a 2% (2023: 2%) movement in price of Bonds (investments):		
- Equity / Income statement	252	211
Impact of a 2% (2023: 2%) movement in interest rates:		
- Equity / Income statement	1,579	1,014

D1-1 Risks relating to financial instruments held (Cont.)

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery policies. Council also encourages ratepayers to pay 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. Benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

There are no material receivables that have been subject 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.

	Not yet due \$'000	Overdue debts		Total \$'000
		< 5 year \$'000	> 5 years \$'000	
2024	-	8,055	69	8,124
2023	-	6,148	53	6,201

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges 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, receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows.

	Not yet due	Overdue debts				Total
		< 30 days	30 - 60 days	60 - 90 days	> 90 days	
2024	Gross carrying amount (\$'000)	3,320	557	14	30	4,044
	Expected loss rate (%)	-	-	-	-	-
	ECL provision (\$'000)	118	-	-	-	118
2023	Gross carrying amount (\$'000)	4,950	1,285	33	69	6,621
	Expected loss rate (%)	-	-	-	-	-
	ECL provision (\$'000)	118	-	-	-	118

Maitland City Council

Notes to the financial statements 30 June 2024

D1-1 Risks relating to financial instruments held (Cont.)

(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 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 structure.

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 and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

2024 \$'000	Weighted Average Interest rate %	Due within 1 Year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual cash flows \$'000	Carrying values \$'000
Payables	0.00%	17,750	-	-	17,750	17,750
Borrowings	3.19%	11,061	40,527	46,685	98,273	80,332
		28,811	40,527	46,685	116,023	98,082

2023 \$'000	Weighted Average Interest rate %	Due within 1 Year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual Cash flows \$'000	Carrying Values \$'000
Payables	0.00%	13,921	-	-	13,921	13,921
Borrowings	3.01%	10,632	31,845	50,084	92,561	81,775
		24,553	31,845	50,084	106,482	95,696

Maitland City Council

Notes to the financial statements 30 June 2024

D2-1 Fair value measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

- * Infrastructure, property, plant and equipment

Fair value hierarchy

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 council 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	Unobservable inputs for the asset or liability.

None of Council's assets and liabilities at fair value are in Level 1 of the Fair value hierarchy.

The table below shows the assigned level for each asset and liability held at fair value by the Council:

	Note	Level 2 (\$'000's) Significant observable inputs \$'000		Level 3 (\$'000s) Significant unobservable inputs \$'000		Total (\$'000s)	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-5						
Plant, equipment, furniture and fittings		-	-	13,041	8,849	13,041	8,849
Land		118,227	116,262	134,743	133,717	252,970	249,979
Buildings and other structures		-	-	161,812	155,074	161,812	155,074
Roads, bridges and footpaths		-	-	1,102,125	995,751	1,102,125	995,751
Storm water drainage		-	-	358,135	328,306	358,135	328,306
Open space / recreational assets		-	-	90,357	70,478	90,357	70,478
Other infrastructure assets (waste depot)		-	-	3,683	3,422	3,683	3,422
Other assets		-	-	15,622	14,255	15,622	14,255
Tip asset		-	-	9,785	9,737	9,785	9,737
Total infrastructure, property, plant & equipment		118,227	116,262	1,889,303	1,719,589	2,007,530	1,835,851

D2-1 Fair value measurement

Level 3 Measurements

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 asset class fair values with no changes to valuation techniques during the period.

Class	Valuation techniques	Unobservable inputs
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational land	Market approach	Price per square metre
Land Under Roads	Market-based direct comparison	Extent and impact of use, market cost of land per square metre, restrictions. The market value of land varies significantly depending on the location of land and current market conditions.
Community / Crown Land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Buildings	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value. Unit rates per m2
Roads, bridges, footpaths, stormwater drainage	Cost approach	Asset condition, remaining lives using componentisation Unit rates per m2 or m3
Swimming pools	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Other open space / recreational assets	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value.
Other infrastructure assets (waste depot)	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value.
Art works	Market approach	Market approach if information readily available. The level of appreciation of the asset, current replacement/ replication cost of equivalent asset, asset condition
Tip asset	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition

Reconciliation of Movements

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

	2024	2023
	\$'000	\$'000
Balance at 1 July	1,719,589	1,312,970
Total gains or losses for the period		
Recognised in profit or loss - Realised (Refer Note B4-1)	(786)	(3,785)
Recognised in other comprehensive income - Revaluation	114,402	302,196
Other movements		
Purchases	87,948	138,649
Sales	(1,336)	(1,199)
Depreciation	(30,514)	(29,241)
Other movements	-	-
Balance at 30 June	1,889,303	1,719,589

Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

D3-1 Contingencies

Contingent liabilities

(a) Defined benefit plan

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 the purposes of AASB119 Employee Benefits. for the following reasons:

- assets are not segregated within the sub-group for each sponsoring employer;
- contribution rates are the same for all sponsoring employers;
- benefits for employees are determined according to the same formulae; and
- the same actuarial assumptions are currently used for each employee.

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

Description of the funding arrangements

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

the standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The standard employer contribution rates are:

Division B	1.9 times for non -180 point members & Nil for 180 point members
Division C	2.5% salaries
Division D	1.64 times member contributions

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$20.0M for 1 January 2022 to 31 December 2024.

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

Description of Council's liability and obligations

The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 30 June 2022.

The expected contributions to the Fund by Council for the 2024/25 financial year is \$257,423.

It is estimated that there are \$112,591 past service contributions remaining.

The estimated employer reserves financial position for the pooled employees as at 30 June 2023 is:

Employer reserves only	\$M	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested benefits	2,159.8	103.6%

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement. For this reason no liability for the deficiency is recognised in the accounts.

Council has a possible obligation that may arise should the scheme require immediate payment to correct the deficiency

An investment return of 6.0%, salary inflation of 3.5% and CPI increases of 2.5% are the key long term assumptions for the calculated present value of accrued benefits.

(b) Bank guarantees / loan guarantees

Council is guarantor of a bank loan obtained by the Maitland Hockey Association. The loan, in the amount of \$350,000 was redrawn down in 2018/19.

Maitland City Council

Notes to the financial statements 30 June 2024

E. People and relationships

E1. Related party disclosures

E1-1 Key management personnel (KMP)

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

	2024	2023
Compensation	\$'000	\$'000
Short-term benefits	2,530	2,569
Post-employment benefits	2,259	215
Total	4,789	2,784

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year (\$'000s)	Outstanding balances, including commitments (\$'000s)	Terms and conditions	Impairment provision on outstanding balances (\$'000s)	Impairment expense (\$'000s)
----------------------------------	---	--	-----------------------------	---	-------------------------------------

2024

Payments made for recycling services ²	3,076		- 30 days	-	-
Payments made for services received ³	148		- 30 days	-	-

Maitland City Council

Notes to the financial statements 30 June 2024

E1-1 Key management personnel (KMP)

Other transactions with KMP and their related parties (continued)

Nature of the transaction	Transactions during the year (\$'000s)	Outstanding balances, including commitments (\$'000s)	Terms and conditions
2023			
Employee expenses relating to close family members of KMP ¹	111	-	Council competency based salary system
Payments made for recycling services ²	2,673	-	30 days
Payments made for services received ³	201	-	30 days

¹ Close family members of Council's KMP are employed by the Council under its competency based salary system on an arms length basis. There is one close family member of KMP currently employed by the Council.

² Relates to payments to Hunter Resource Recovery, a company in which Council has an interest, to provide recycling services. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable on a monthly basis for the term of the contract.

³ Council uses Arrow Collaborative Services Limited, a company in which Council has an interest, for a variety of services, including legal services, records storage, training and Environment Management.

Maitland City Council

Notes to the financial statements 30 June 2024

E1-2 Councillor and mayoral fees and associated expenses

The aggregate amount of Councillor and mayoral fees and associated expenses included in the Income statement is:

	2024	2023
	\$'000	\$'000
Mayoral fee	104	69
Councillor fees	465	361
Councillors' (including mayor) expenses	13	15
Total	582	445

E2 Other relationships

E2-1 Audit fees

	2024	2023
	\$'000	\$'000
Auditors of the Council - NSW Auditor-General: Audit and review of financial statements	115	111
Total fee paid or payable to the Auditor-General	115	111

F. Other matters

F1-1 Statement of cash flows information

(a) Reconciliation of net operating result to cash provided from operating activities

	2024 \$'000	2023 \$'000
Operating result	53,461	68,230
Add / (less) non-cash items		
(Gain) / loss on disposal of assets	786	3,785
Depreciation and amortisation	31,097	29,869
Non -cash contributions and dedications	(38,939)	(37,267)
Impairment of receivables	70	11
Changes in assets and liabilities		
Movement in operating assets and liabilities		
(Increase) / decrease of receivables	552	(2,220)
(Increase) / decrease of other assets	-	-
(Increase) / decrease of Inventories	(6)	(70)
(Increase) / decrease of contract asset	(504)	1,848
Increase / (decrease) in trade payables	3,829	(3,774)
Increase / (decrease) in contract liabilities	2,317	6,097
Increase / (decrease) in employee benefit provision	(442)	878
Increase / (decrease) in other provisions	14,614	-
Net Cash Flows from operating activities	66,835	67,387

(b) Non-cash financing and investing activities

Asset contributions		
- Roads Bridges and footpaths	24,376	27,784
- Drainage	12,653	7,864
- Land	1,026	1,297
- Other	885	323
	38,940	37,268

Maitland City Council

Notes to the financial statements 30 June 2024

F2-1 Capital commitments

	Actual 2024 \$'000	Actual 2023 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- Plant and equipment	2,427	6,863
- Roads, bridges & footpaths	18,832	22,027
- Drainage assets	64	104
- Recreational assets	2,949	6,805
- Buildings	110	232
- Other	4,256	2,893
Total	<u>28,638</u>	<u>38,924</u>

The Council has committed to completing various road, bridge and footpath works and replacing various items of major plant.

F3-1 Events occurring after reporting date

NIL

Maitland City Council

Notes to the financial statements 30 June 2024

F4. Statement of developer contributions as at 30 June 2024

F4-1 Summary of developer contributions

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2024 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	1,041	254	-	-	53	199	1,149	-
Roads	388	59	-	-	22	-	469	-
Traffic facilities	51,871	12,475	-	-	2,655	14,162	52,839	-
Parking	1	-	-	-	-	-	1	-
Open space	31,847	5,421	-	-	1,661	3,599	35,330	-
Community facilities	30,029	3,576	-	-	1,613	522	34,696	-
Other	1,492	485	-	-	78	422	1,633	-
S7.11 under plans	116,669	22,270	-	-	6,082	18,904	126,117	-
S7.12 levies	1,566	506	-	-	76	1,067	1,081	-
Total Contributions	118,235	22,776	-	-	6,158	19,971	127,198	-

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.

Contribution plan no. 1 - 2006 City Wide Plan

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2024 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	-	-	-	-	-	-	-	-
Roads	388	59	-	-	22	-	469	-
Traffic facilities	4,212	1,580	-	-	256	258	5,790	-
Parking	1	-	-	-	-	-	1	-
Open space	6,117	467	-	-	305	1,060	5,829	-
Community facilities	12,019	272	-	-	620	137	12,774	-
Other	287	106	-	-	11	285	119	-
Total	23,024	2,484	-	-	1,214	1,740	24,982	-

Maitland City Council

Notes to the financial statements 30 June 2024

F4-2 Developer contributions by plan

Contribution plan no. 2 - 2006 Thornton North Plan

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2023 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	-	-	-	-	-	-	-	
Roads	-	-	-	-	-	-	-	
Traffic facilities	26,470	4,895	-	-	1,298	9,210	23,453	
Parking	-	-	-	-	-	-	-	
Open space	13,719	1,659	-	-	750	157	15,971	
Community facilities	6,843	925	-	-	360	245	7,883	
Other	313	135	-	-	20	7	461	
Total	47,345	7,614	-	-	2,428	9,619	47,768	

Contribution plan no. 3 - 2014 Lochinvar Plan

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2024 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	1,041	254	-	-	53	199	1,149	
Roads	-	-	-	-	-	-	-	
Traffic facilities	4,533	1,343	-	-	249	709	5,416	
Parking	-	-	-	-	-	-	-	
Open space	5,972	1,675	-	-	260	2,366	5,541	
Community facilities	2,154	596	-	-	124	-	2,874	
Other	497	148	-	-	27	70	602	
Total	14,197	4,016	-	-	713	3,344	15,582	

Maitland City Council

Notes to the financial statements 30 June 2024

F4-2 Developer contributions by plan (Cont.)

Contribution plan no. 4 - 2016 City Wide Plan

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2024 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	-	-	-	-	-	-	-	
Roads	-	-	-	-	-	-	-	
Traffic facilities	13,462	3,888	-	698	2,830	15,218	-	
Parking	-	-	-	-	-	-	-	
Open space	2,041	747	-	122	16	2,894	-	
Community facilities	7,908	1,562	-	447	140	9,777	-	
Other	181	32	-	8	60	161	-	
Total	23,592	6,229	-	1,275	3,046	28,050	-	

Contribution plan no. 5 - 2015 Farley Plan

Purpose	Balance At 1 July 2023 (\$'000)	Contributions Received			Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Held as restricted asset At 30 June 2024 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non Cash Land (\$'000)	Non Cash Other (\$'000)				
Drainage	-	-	-	-	-	-	-	
Traffic facilities	3,194	769	-	154	1,155	2,962	-	
Open space	3,998	873	-	224	-	5,095	-	
Community facilities	1,105	221	-	62	-	1,388	-	
Other	214	64	-	12	-	290	-	
Total	8,511	1,927	-	452	1,155	9,735	-	

F5. Statement of performance measures

F5-1 Statement of performance measures

	Amounts 2024 \$'000	2024 indicators	2023 indicators	Benchmark
1. Operating performance				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽⁴⁾	\$ (23,260)	(14.97%)	(2.38%)	>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	\$ 155,403			
2. Own source operating revenue				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	\$ 137,381	58.98%	56.13%	>60%
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions	\$ 232,910			
3. Unrestricted current ratio				
Current assets less all external restrictions	\$ 94,818	2.06 x	2.57 x	>1.5x
Current liabilities less specific purpose liabilities ^{(2), (3)}	\$ 45,961			
4. Debt service cover ratio				
Operating results ¹ before capital excluding interest and depreciation / impairment / amortisation (EBTDA)	\$ 10,358	0.85 x	2.53 x	>2x
Principal repayments (from statement of cash flows) + borrowing interest costs (from income statement)	\$ 12,229			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	\$ 8,124	7.10%	6.44%	<5% metro
Rates and annual charges collectable	\$ 114,426			<10% regional
6. Cash expense cover ratio				
Current year's cash and cash equivalents + term deposits	\$ 137,846	11.86 months	14.44 months	>3 months
Payments from cash flow of operating and financing activities				

Notes:

(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, impairment losses on receivables, net loss on disposal of assets, and net loss on share of interests in joint ventures and associates using the equity method



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Maitland City Council

To the Councillors of Maitland City Council

Opinion

I have audited the accompanying financial statements of Maitland City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 2024, 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 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 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 B4-1 '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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2024
SYDNEY



Cr Philip Penfold
Mayor
Maitland City Council
PO BOX 220
MAITLAND NSW 2320

Contact: Cassie Malone
Phone no: 02 9275 7388
Our ref: R008-2124742775-7050

24 October 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2024
Maitland City Council**

I have audited the general purpose financial statements (GPFS) of the Maitland City Council (the Council) for the year ended 30 June 2024 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 2024 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

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	107.2	99.7	↑ 7.5
Grants and contributions revenue	95.5	94.7	↑ 0.8
Operating result from continuing operations	53.5	68.2	↓ 21.6
Net operating result before capital grants and contributions	(24.0)	(7.1)	↓ 238

Rates and annual charges revenue of \$107.2 million increased by \$7.5 million (7.5 per cent) in 2023–24 mainly due to the rate peg increase of 5.9 per cent.

Council's operating result from continuing operations (\$53.5 million including depreciation, amortisation and impairment expense of \$31.1 million) was \$14.8 million lower than the 2022–23 result. This was mainly due to:

- increase of \$8.5 million in employee benefits and on-costs expense
- increase of \$22.9 million in materials and services expenses (of which \$14.6 million relates to the provision for the future costs of remediation for the Anambah landfill site)
- offset by an increase of \$7.5 million in rates and annual charges revenue and \$4.4 million in interest and investment income.

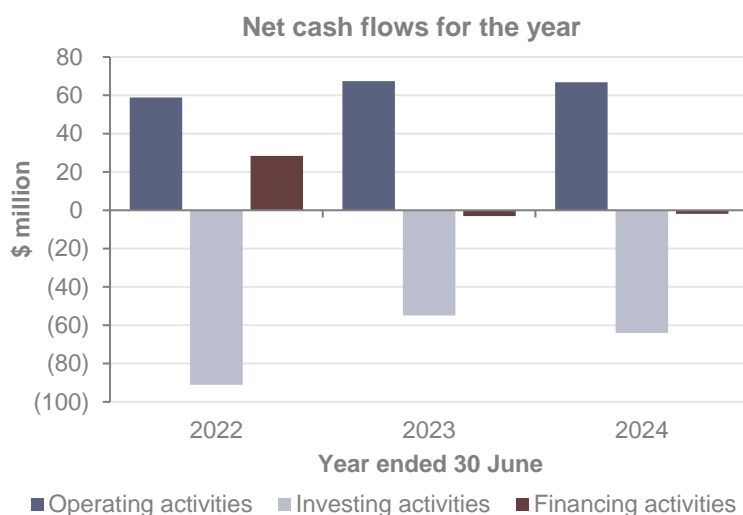
The net operating result before capital grants and contributions (deficit of \$24.0 million) was \$16.9 million lower than the 2022–23 deficit result.

STATEMENT OF CASH FLOWS

Council's total cash and cash equivalents balance at 30 June 2024 was \$26.1 million (2022–23: \$25.2 million).

Net cash flows for the 2023–24 year were \$0.9 million (2022–23: \$9.4 million). This was mainly driven by a reduction in cash flows from investing activities, namely lower investment redemptions, and higher investment purchases.

Net cash flows from operating and financing activities were consistent with last year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	236.5	226.8	Externally restricted balances comprise mainly of developer contributions, unexpended grants and domestic waste management funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	155.6	141.9	
• Internal allocations	73.4	78.1	

Debt

At 30 June 2024, Council had \$78.6 million in secured loans (\$81.3 million in 2022–23).

PERFORMANCE

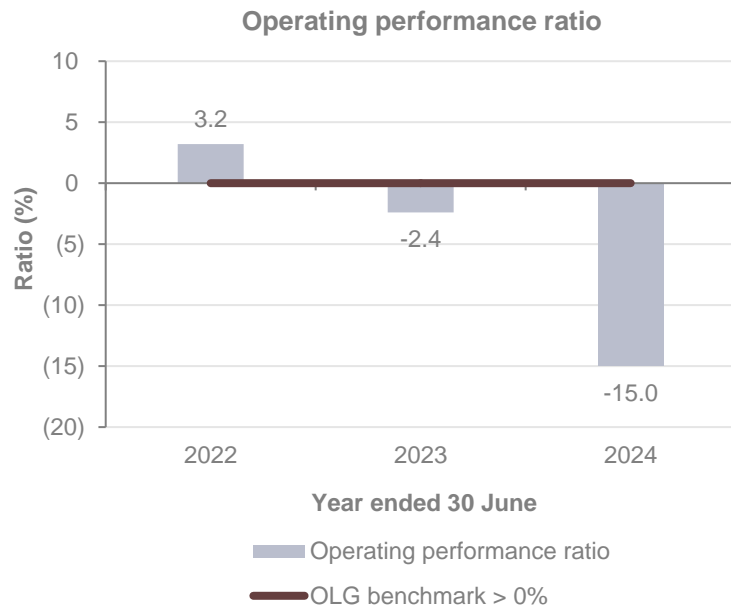
Performance measures

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, Housing and Infrastructure.

Operating performance ratio

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

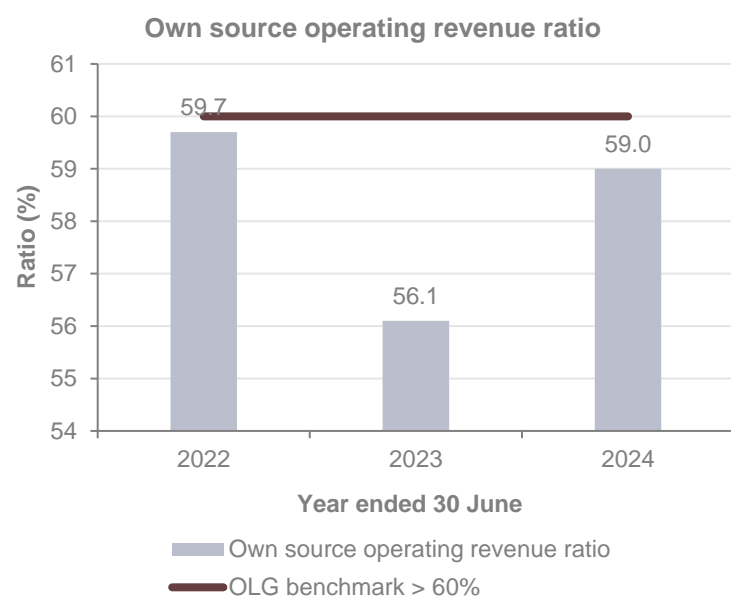
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

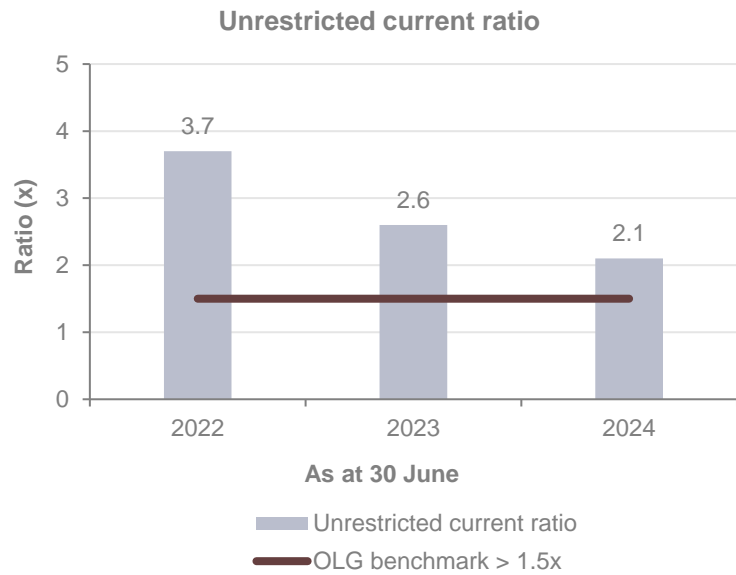
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

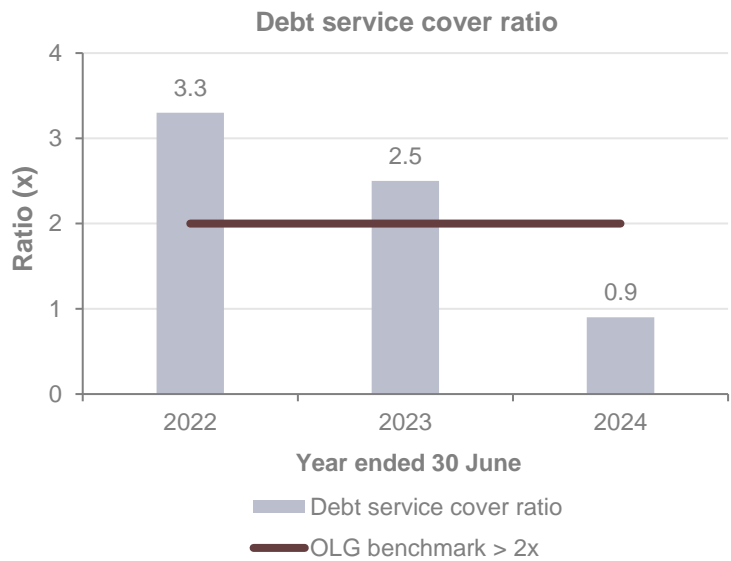
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

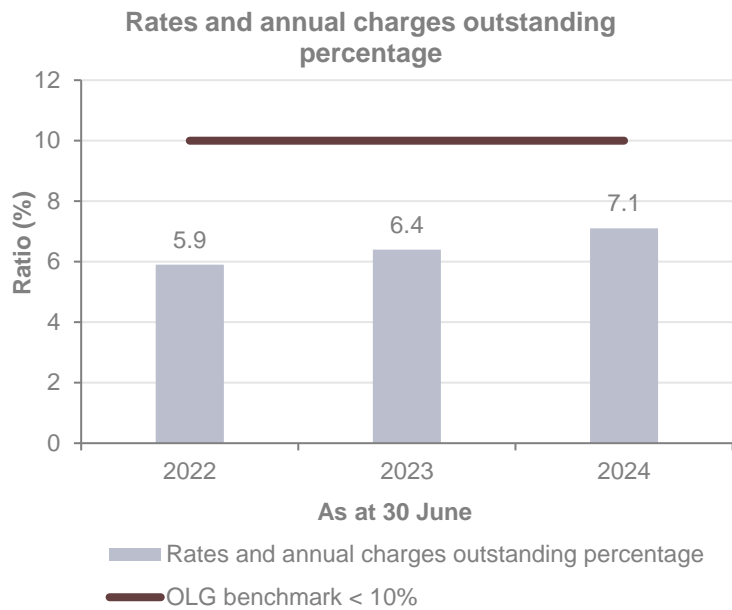
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

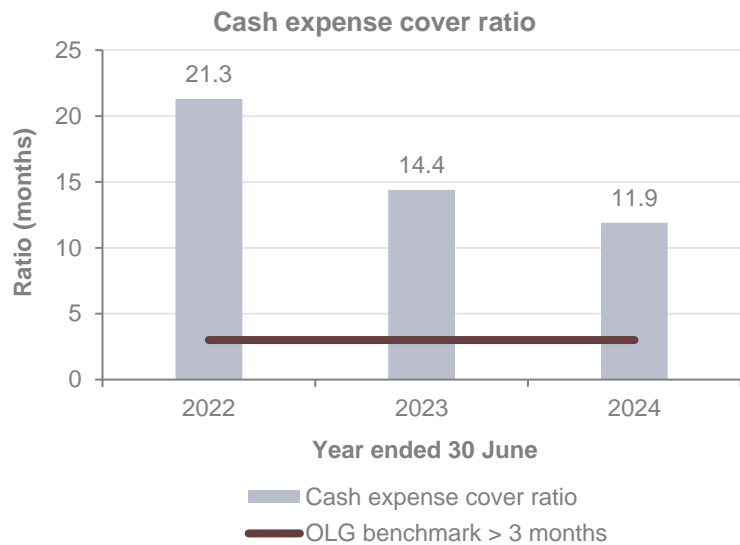
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council met 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 \$36.3 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, bridges and footpaths. New assets acquired during 2023-24 totalled \$59.2 million, of which \$38.9 million related to non-cash developer contributions.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Maitland City Council

**Special Schedules
for the year ended 30 June 2024**

Contents

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Special Schedules

Special Schedule 1	Permissible income calculation	B2
Special Schedule 2	Report on infrastructure assets (not audited)	B3

Maitland City Council

Special Schedule 1

Permissible Income for General Rates

	2024-25 \$'000	2023-24 \$'000
Notional General Income Calculation⁽¹⁾		
Last year notional income yield	84,566	79,932
Plus / minus adjustments ⁽²⁾	1,890	213
Notional general income	86,456	80,145
Permissible income calculation		
Special variation percentage ⁽³⁾	0.00%	0.00%
OR Rate peg percentage	5.00%	5.90%
OR Crown land adjustment incl. rate peg percentage	-	-
Less expiring special variation amount	-	-
Plus special variation amount	-	-
OR Plus rate peg amount	4,323	4,729
OR Plus crown land adjustment and rate peg amount	-	-
Sub total	90,779	84,874
Plus or minus last year's carry forward total	1	- 293
Less valuation objections claimed in the previous year	-	- 14
Sub total	-	- 307
Total permissible income	90,779	84,567
Less notional general income yield	90,779	84,566
Catch-up or (excess) result	0	1
Plus income lost due to valuation objections claimed ⁽⁴⁾	-	-
Less unused catch-up ⁽⁵⁾	-	-
Carry forward to next year ⁽⁶⁾	0	1

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 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. Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
6. Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from councils' Special Schedule 2 in the Financial Data Return (FDR) to administer this process. Please check data is transferred accurately to the Special Schedule 2 of the Financial

Maitland City Council

Special Schedule No. 2: Report on infrastructure assets as at 30 June 2024

Asset class	Asset category	Estimated cost to bring to a satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2023-24 Required maintenance	2023-24 actual maintenance [^]	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a % of Gross Replacement Cost				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	1	2	3	4	5
Buildings *		75,135	75,135	2,292	3,391	161,812	289,265	18.4%	20.6%	15.5%	30.5%	15.1%
Other structures *		-	-	-	-	-	-	-	-	-	-	-
Roads *	Sealed Roads	36,319	14,664	4,646	11,722	723,030	865,059	58.1%	33.4%	5.8%	2.2%	0.5%
	Unsealed Roads	3,833	3,833	14	84	1,632	5,739	60.0%	31.3%	5.9%	2.6%	0.2%
	Other Roads Assets	42,808	16,145	1,399	709	184,641	252,976	45.0%	20.0%	26.0%	6.0%	3.0%
	Bridges	5,500	16	643	68	53,555	62,520	62.6%	28.6%	8.8%	0.0%	0.0%
	Footpaths	20,366	2,183	1,048	1,386	139,267	183,652	47.0%	33.6%	17.9%	1.2%	0.2%
	Sub total	108,826	36,841	7,750	13,969	1,102,125	1,369,946					
Stormwater drainage *		19,434	7,979	3,117	1,421	358,135	436,534	68.3%	24.3%	5.2%	1.0%	1.2%
Open space / recreational assets *	Other open space / recreational assets	-	10,285	2,096	6,245	90,357	119,505	55.0%	20.0%	15.0%	9.0%	1.0%
	Sub total	19,716	10,285	2,096	6,245	89,879	118,986					
Total classes	Total - all assets	223,111	130,240	15,255	25,026	1,711,951	2,214,731					

Infrastructure Asset Condition Assessment

Level	Condition	Description
1	Excellent / Very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal / upgrading required

* Reconciles with Note C1-5

[^] Required maintenance is the amount identified in Council's asset management plans.

Maitland City Council

Special Schedule No. 2 (continued)

Report on infrastructure assets 30 June 2024

Infrastructure asset performance indicators *

	Amounts \$'000	Current year indicators	2023	Benchmark
1. Building & infrastructure renewals ratio				
Asset renewals (renewals only for Infrastructure Assets)	\$ 36,278	135.3%	165.5%	>100%
Depreciation, amortisation and impairment	\$ 26,811			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory condition	\$ 223,111	13.0%	14.1%	<2%
Net carrying amount of infrastructure assets	\$ 1,711,951			
3. Asset maintenance ratio				
Actual asset maintenance	\$ 25,026	164.1%	161.9%	>100%
Required asset maintenance	\$ 15,255			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed level of service set by Council	\$ 130,240	5.9%	6.0%	
Gross replacement cost	\$ 2,214,731			

* All indicators are calculated using the asset classes identified in the table in Special Schedule 2



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Maitland City Council

To the Councillors of Maitland City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Maitland City Council (the Council) for the year ending 30 June 2025.

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 2023–24 (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 2024 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 and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2024
SYDNEY