



Financial Statements
for the year ending 30 June 2022

Maitland City Council

**Financial statements
for the year ended 30 June 2022**

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Maitland City Council

General purpose financial statements for the year ended 30 June 2022

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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
285-287 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 2022

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

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

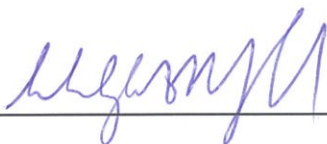
- * The *Local Government Act 1993* (as amended) and the Regulations made thereunder
- * The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- * The Local Government Code of Accounting Practice and Financial Reporting

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

- * Present fairly the Council's operating result and financial position for the year, 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 25/10/2022.



Philip Penfold
Mayor
25/10/2022



Mitchell Griffin
Councillor
25/10/2022



David Evans
General Manager
25/10/2022



Michael Burfitt
Responsible Accounting Officer
25/10/2022

Maitland City Council
Income Statement
For the year ended 30 June 2022

Original unaudited budget 2022 \$'000		Notes	Actual 2022 \$'000	Actual 2021 \$'000
	Income from continuing operations			
	<i>Revenue:</i>			
94,821	Rates and annual charges	B2-1	96,870	92,767
8,746	User charges and fees	B2-2	9,210	9,157
3,461	Other revenues	B2-3	2,085	2,090
10,223	Grants and contributions provided for operating purposes	B2-4	15,645	10,947
11,238	Grants and contributions provided for capital purposes	B2-4	58,427	50,602
1,275	Interest and investment income	B2-5	718	1,949
-	Other Income	B2-6	736	752
-	Net gain from the disposal of assets	B4-1	-	-
129,764	Total income from continuing operations		183,691	168,264
	Expenses from continuing operations			
47,993	Employee benefits and on-costs	B3-1	45,402	41,582
42,720	Materials and Services	B3-2	43,109	38,026
1,633	Borrowing costs	B3-3	1,924	1,602
24,375	Depreciation, amortisation and impairment of non-financial assets	B3-4	26,896	25,759
4,773	Other expenses	B3-5	3,928	5,176
-	Net loss from the disposal of assets	B4-1	1,791	1,740
121,494	Total expenses from continuing operations		123,050	113,885
8,270	Operating result from continuing operations		60,641	54,379
8,270	Net operating result for the year Attributable to Council		60,641	54,379
(2,968)	Net operating result for the year before grants and contributions provided for capital purposes		2,214	3,777

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 2022

	Notes	2022 \$'000	Restated 2021 \$'000
Net operating result for the year - from income statement		60,641	54,379
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	C1-7	<u>133,616</u>	<u>3,735</u>
Total other comprehensive income for the year		133,616	3,735
Total comprehensive income for the year attributable to Council		<u>194,257</u>	<u>58,114</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 2022

	Notes	2022 \$'000	Restated 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	15,757	19,514
Investments	C1-2	138,375	128,058
Receivables	C1-4	9,489	7,715
Contract assets and Contract cost assets	C1-6	3,476	796
Inventories	C1-5	572	536
Other	C1-5	-	-
Total current assets		<u>167,669</u>	<u>156,619</u>
Non-current assets			
Investments	C1-2	83,702	62,661
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,438,610	1,242,296
Intangible assets	C1-8	316	499
Right of use assets	C2-1	704	669
Investments accounted for using equity method	D1-1	-	425
Total non-current assets		<u>1,523,332</u>	<u>1,306,550</u>
Total assets		<u>1,691,001</u>	<u>1,463,169</u>
LIABILITIES			
Current liabilities			
Payables	C3-1	17,695	13,129
Contract liabilities	C3-2	5,608	4,879
Lease liabilities	C2-1	361	273
Borrowings	C3-3	8,505	7,408
Employee benefit provisions	C3-4	14,109	14,684
Provisions	C3-5	-	-
Total current liabilities		<u>46,278</u>	<u>40,373</u>
Non-current liabilities			
Lease liabilities	C2-1	356	407
Borrowings	C3-3	75,775	48,218
Employee benefit provisions	C3-4	262	345
Provisions	C3-5	13,952	12,835
Total non-current liabilities		<u>90,345</u>	<u>61,805</u>
Total liabilities		<u>136,623</u>	<u>102,178</u>
Net assets		<u>1,554,378</u>	<u>1,360,991</u>
EQUITY			
Accumulated surplus		1,052,067	992,130
Revaluations reserves	C4-1	502,311	368,861
Other reserves		-	-
Total equity		<u>1,554,378</u>	<u>1,360,991</u>

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 2022

	2022 \$'000					Total Equity
	Accumulated surplus	IPPE revaluation reserve	Other reserves	Council equity interest	Non- controlling interest	
Opening balance at 1 July	991,426	368,695	-	1,360,121	-	1,360,121
Net operating result for the year	60,641	-	-	60,641	-	60,641
Other comprehensive income						
Gain (loss) on revaluation of available-for-sale investments	-	-	-	-	-	-
Gain (loss) on revaluation of equity instruments through other comprehensive income	-	-	-	-	-	-
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	133,616	-	133,616	-	133,616
Total comprehensive income	60,641	133,616	-	194,257	-	194,257
Transfers between equity items	-	-	-	-	-	-
Closing balance 30 June	1,052,067	502,311	-	1,554,378	-	1,554,378

	2021 \$'000					Total Equity Restated
	Accumulated surplus	IPPE revaluation reserve Restated	Other reserves	Council equity interest Restated	Non- controlling interest	
	937,751	365,126	-	1,302,877	-	1,302,877
	54,379	-	-	54,379	-	54,379
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	3,735	-	3,735	-	3,735
	54,379	3,735	-	58,114	-	58,114
	-	-	-	-	-	-
	992,130	368,861	-	1,360,991	-	1,360,991

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 2022

Original unaudited budget 2022 \$'000		Notes	Actual 2022 \$'000	Actual 2021 \$'000
Cash flows from operating activities				
<i>Receipts:</i>				
94,850	Rates and annual charges		96,687	92,552
8,211	User charges and fees		9,856	11,061
1,262	Interest received		588	1,885
19,795	Grants and contributions		43,457	41,739
6,139	Other		2,048	4,344
<i>Payments:</i>				
47,409	Payments to employees		45,945	41,469
35,123	Payments for materials and services		42,070	34,366
1,633	Borrowing costs		1,672	1,574
12,242	Other		3,973	11,263
<u>33,850</u>	Net cash from operating activities	G1-1	<u>58,976</u>	<u>62,909</u>
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of investments		12,898	4,420
-	Redemption of term deposits		114,871	110,505
-	Proceeds from sale of IPPE		1,327	760
-	Other		-	-
<i>Payments:</i>				
12,000	Purchase of investments		24,050	10,700
-	Acquisition of term deposits		136,004	142,010
62,997	Payments for IPPE		60,162	30,886
-	Other		-	-
<u>(74,997)</u>	Net cash from investing activities		<u>(91,120)</u>	<u>(67,911)</u>
Cash flow from financing activities				
<i>Receipts:</i>				
38,044	Proceeds from borrowings		36,300	12,074
<i>Payments:</i>				
7,743	Repayment of borrowings		7,645	6,925
-	Principal component of lease payments		268	531
<u>30,301</u>	Net cash from financing activities		<u>28,387</u>	<u>4,618</u>
<u>(10,846)</u>	Net change in cash and cash equivalents		<u>(3,757)</u>	<u>(384)</u>
<u>19,514</u>	Cash and cash equivalents at beginning of year		<u>19,514</u>	<u>19,898</u>
<u>8,668</u>	Cash and cash equivalents at end of year	C1-1	<u>15,757</u>	<u>19,514</u>

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

Maitland City Council

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Notes to the financial statements 30 June 2022

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 September 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and 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 1-7
- (ii) tip remediation provisions - refer Note C3-5
- (iii) Employee benefit provisions - refer Note C3-4

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- * General purpose operations

Maitland City Council

Notes to the financial statements 30 June 2022

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.

Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Volunteer Services

Council has not recognised the value of volunteer services received as at this time is not reliably measured.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2021.

Council's assessment of the impact of the new standards and interpretations relevant to them is set out below:

Pronouncement	AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of effective date
Nature of change in accounting policy	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
Effective date	Annual reporting period beginning on or after 1 January 2023 (i.e. year ended 30 June 2024).
Expected impact on financial statements	Little impact expected but Council will consider the appropriate classification of liabilities as current or non-current.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective (continued)

Pronouncement	AASB2014-10 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> . AASB2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> . AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>
Nature of change in accounting policy	The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB2015-10 has delayed the effective date of this standard. AASB 2017-5 defers the effective date of AASB 2014-10 to 1 January 2022
Effective date	Annual reporting period beginning on or after 1 January 2022 (i.e. year ended 30 June 2023).
Expected impact on financial statements	This will only impact Council where there has been a sale or contribution of assets between the entity and its investor.

Pronouncement	AASB 2021-2 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies & Definition of Accounting Estimates</i> (emends AASB 7, AASB 108, AASB 134 & AASB Practice Statement 2)
Nature of change in accounting policy	The Standard amends a number of standards as follows: AASB 7 to clarify that information bases for financial instruments is expected to be material; AASB 101 requires Council to disclose their material accounting policy information; AASB 108 to clarify how Council should distinguish changes in accounting policies and change in accounting estimates; AASB 134 to identify material accounting policy information; AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality.
Effective date	Annual reporting period beginning on or after 1 January 2023 (i.e. year ended 30 June 2024).
Expected impact on financial statements	No impact on reported financial performance or position.

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 2022. 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
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	Restated 2021 \$'000
Proud People, Great Lifestyle	7,176	6,360	20,091	18,228	(12,915)	(11,868)	5,874	4,367	255,391	242,203
Our Built Space	64,524	55,629	21,167	19,209	43,357	36,420	57,888	49,677	1,136,998	947,271
Our Natural Environment	22,626	22,529	19,715	19,076	2,910	3,453	1,641	864	7,868	7,574
A Prosperous and Vibrant City	1,267	1,582	4,478	4,208	(3,211)	(2,626)	-	-	17,117	18,966
Connected and Collaborative Community Leaders	88,098	82,164	57,599	53,164	30,500	29,000	8,669	6,641	266,590	247,155
Net operating result for the year	183,691	168,264	123,050	113,885	60,641	54,379	74,072	61,549	1,683,964	1,463,169

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:

Proud People, Great Lifestyle

Focuses on: city appearance, place activation; community development; community health and safety; community, sport and recreation facilities; libraries, visitor information centre, Maitland Gaol and Maitland Regional Art Gallery operations; events program; visitor economy

Our Built Space

Focuses on: movement across the local government area; public transport; infrastructure utilities in new developments; footpaths; cycleways; land use planning; urban design; adaptive reuse; infill development and affordable housing

Our Natural Environment

Focuses on: enhancing natural environment; reducing land fill; holistic waste management; stormwater management; floodplain and river bank management; environmental and sustainability programs

A Prosperous and Vibrant City

Focuses on: economic development; partnerships; active transport; local food production; visitor economy; Central Maitland and the Levee; Greenhills/East Maitland

Connected and Collaborative Community Leaders

Focuses on: recognition and connection of community leaders; citizen engagement and participation; citizen services delivery; systems and processes; collaboration and sustainability

Maitland City Council

Notes to the financial statements 30 June 2022

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$'000	2021 \$'000
Ordinary rates		
Residential	58,852	55,699
Farmland	2,457	2,468
Mining	478	478
Business	15,202	14,890
Less: Pensioner rebates	(975)	(975)
Rates levied to ratepayers	<u>76,014</u>	<u>72,560</u>
Pensioner rate subsidies received	<u>507</u>	<u>507</u>
Total ordinary rates	<u>76,521</u>	<u>73,067</u>
Special rates		
Maitland CBD / Mall	<u>499</u>	<u>490</u>
Total special rates	<u>499</u>	<u>490</u>
Annual charges (pursuant to s.496, 496A, 496B, s.501 & s.611)		
Domestic waste management services	18,274	17,737
Stormwater management services charge	808	788
Waste management services (not domestic)	888	789
Section 611 charges	-	-
Less: Pensioner Rebate	(306)	(314)
Annual Charges levied	<u>19,664</u>	<u>19,000</u>
Pensioner annual charges subsidies received	<u>186</u>	<u>210</u>
Total annual charges	<u>19,850</u>	<u>19,210</u>
Total rates and annual charges	<u>96,870</u>	<u>92,767</u>

Council has used 2021 valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

Maitland City Council

Notes to the financial statements 30 June 2022

B2-2 User charges and fees

	2022	2021
	\$'000	\$'000
User charges		
Waste management services (not domestic)	<u>2,542</u>	<u>2,756</u>
Total user charges	<u>2,542</u>	<u>2,756</u>
Fees		
Private works - S67	336	293
TfNSW works (State roads not controlled by Council)	611	780
Building services - Other	360	347
Planning and building - Regulatory	2,723	2,539
Inspection fees	88	53
Section 10.7 certificates (EP&A Act)	299	275
Section 603 certificates	224	227
Registration fees	68	79
Swimming facilities	1,206	1,203
Cemeteries	140	125
Other	<u>613</u>	<u>480</u>
Total fees	<u>6,668</u>	<u>6,401</u>
Total user charges and fees	<u>9,210</u>	<u>9,157</u>
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	611	780
User charges and fees recognised at a point in time	<u>8,599</u>	<u>8,377</u>
Total user charges and fees	<u>9,210</u>	<u>9,157</u>

Accounting policy

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 2022

B2-3 Other Revenue

	2022	2021
	\$'000	\$'000
Parking fines	319	308
Other fines	22	57
Recycling income (Non domestic)	363	309
Insurance claims recoveries	230	125
Commissions and agency fees	8	1
Diesel rebate	137	138
Tourism	265	393
Sales of inventories	191	267
Other	550	492
Total other revenues	<u>2,085</u>	<u>2,090</u>

Timing of revenue recognition for other revenue

Other revenue recognised over time	-	-
Other revenue recognised at a point in time	2,085	2,090
Total other revenues	<u>2,085</u>	<u>2,090</u>

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

	Operating		Capital	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
- Relating to current year	3,784	3,415	-	-
- Prepayment received in advance	5,816	3,656	-	-
Total amount recognised as Income	9,600	7,071	-	-
Special purpose grants and non-developer contributions (tied)				
Cash Contributions				
Transport for NSW contributions	359	639	842	443
Roads to recovery	-	-	873	873
Community Care	48	112	-	-
Health and safety	148	-	-	-
Environmental programs	1,160	514	-	-
Recreation and culture	1,512	1,120	4,187	2,964
Storm/flood damage	1,000	-	-	-
Rural Fire Service	280	290	53	60
OHS Incentive Payment	128	86	-	-
Sporting groups	127	106	-	65
Staff - Motor vehicle lease payments	549	354	-	-
Other roads & bridges	383	251	7,554	1,981
Other	351	404	-	172
Non-cash contributions				
Other				
Total special purpose grants and non-developer contribution (tied)	6,045	3,876	13,509	6,558
Total grants and non-developer contributions	15,645	10,947	13,509	6,558
Comprising:				
- Commonwealth funding	9,600	7,071	6,795	1,546
- State funding	4,805	2,874	6,714	4,715
- Other funding	1,240	1,002	-	297
	15,645	10,947	13,509	6,558
Developer contributions (s7.4 and s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.11 / S 7.12	-	-	13,294	17,896
Non-cash contributions				
Roadworks (other than by s.711)	-	-	17,726	17,995
Drainage (other than by s.711)	-	-	10,412	4,930
Land (other than by s.711)	-	-	188	1,605
Bridges	-	-	2,414	749
Buildings	-	-	-	-
Other	-	-	884	869
Total developer contributions	-	-	44,918	44,044
Total grants and contributions	15,645	10,947	58,427	50,602
Timing of revenue recognition				
Grant & contributions recognised over time	1,035	1,099	13,456	6,433
Grant & contributions recognised at a point in time	14,610	9,848	44,971	44,169
Total grants & contributions	15,645	10,947	58,427	50,602

Maitland City Council

Notes to the financial statements 30 June 2022

B2-4 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	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Unspent funds at 1 July		1,721	1,255	104,595	92,031
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditons		2,421	1,107	13,516	18,877
Add: Funds received and not recognised as revenue in the current year		-	-	4,010	4,878
Less: Funds recognised as revenue in previous years that have been spent during the reporting year		(993)	(641)	(5,477)	(10,865)
Less: Funds received in the prior year but revenue recognised and funds spent in the current year.		-	-	(3,281)	(326)
Unspent funds at 30 June		<u>3,149</u>	<u>1,721</u>	<u>113,363</u>	<u>104,595</u>

Accounting policy

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 patten. Point in time recognition occurs when the beneficiary obtains control at a single time, where as over time recognition is where control is ongoing throughtout 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 construction projects, this generally as the construction progresses in accordance with costs measured as there is no profit margin.

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

Developer Contributions

Council has obligations to provide facilities from 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 2022

B2-5 Interest and investment income

	2022	2021
	\$'000	\$'000
Interest on financial assets measured at amortised cost		
- Overdue rates and annual charges	250	144
- Cash and investments	468	1,805
Total interest and investment revenue	718	1,949

Accounting policy

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

B2-6 Other income

Rental income	736	686
Net share of interest in joint venture using the equity method	-	-
Other	-	66
	736	752

Maitland City Council

Notes to the financial statements 30 June 2022

B3. Costs of providing services

B3-1 Employee benefits and on costs

	2022	2021
	\$'000	\$'000
Salaries and wages	36,725	33,860
Employee leave entitlements	6,050	6,231
Superannuation	4,297	3,568
Workers' compensation insurance	995	778
FBT	257	169
Other	130	75
	48,454	44,681
Less: Capitalised costs	(3,052)	(3,099)
Total employee costs expended	45,402	41,582

Accounting policy

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

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

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

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

Maitland City Council

Notes to the financial statements 30 June 2022

B3. Costs of providing services (Cont)

B3-2 Materials and services

	2022 \$'000	2021 \$'000
Raw materials and consumables	19,661	16,457
Cost of Sales	281	455
Insurance	1,612	1,464
Telephone	291	337
Street lighting	2,437	2,202
Electricity and heating	535	587
Election expenses	471	-
Contractor Costs	1,361	1,452
Contractor and consultancy costs		
- Recycling services	2,730	2,016
- Organics collection & processing	1,608	1,709
- Waste disposal costs	5,412	5,504
- RSPCA	90	441
- Other contractor and consultancy costs	5,935	4,807
Legal fees	261	169
Other		
- Advertising	194	200
- Bank charges	230	226
Total materials and contracts	43,109	38,026

Accounting policy

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

B3-3 Borrowing costs

	2022 \$'000	2021 \$'000
Interest on overdraft	-	-
Interest on loans	1,841	1,525
Interest on hire purchase	35	57
Interest on leases	48	20
Amortisation of discounts and premiums:		
- Interest free loan received	-	-
Total borrowing costs expensed	1,924	1,602

Accounting policy

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

Maitland City Council

Notes to the financial statements 30 June 2022

B3. Costs of providing services (Cont)

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

	Note	2022 \$'000	2021 \$'000
Intangibles - Software	C1-8	183	158
Plant and equipment	C1-7	2,793	3,014
Office equipment	C1-7	110	123
Furniture and fittings	C1-7	32	33
Infrastructure	C1-7	22,584	21,255
Other assets	C1-7	184	347
Tip asset	C1-7	595	455
Right of use assets	C2-1	415	374
Less: Capitalised depreciation		-	-
Total depreciation and amortisation costs		26,896	25,759
Impairment / revaluation decrement of IPPE			
Infrastructure assets		-	-
Other assets		-	-
Total impairment costs charged to income statement (IPPE)		-	-
Total depreciation amortisation and impairment for non-financial assets		26,896	25,759

Accounting policy

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

Maitland City Council

Notes to the financial statements 30 June 2022

B3. Costs of providing services (Cont)

B3-5 Other expenses

	Note	2022 \$'000	2021 \$'000
Impairment of receivables	C1-4	7	56
Net share of interests in joint ventures and associates Using the equity method	D1-1	-	107
Contributions and donations		127	155
State Government waste disposal levy		2,600	3,410
Emergency services levies		814	994
Other		380	454
Total other expenses from continuing operations		<u>3,928</u>	<u>5,176</u>

Accounting policy

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

Impairment expenses are recognised when identified.

Maitland City Council

Notes to the financial statements 30 June 2022

B4. Gains or losses

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

	Note	2022 \$'000	2021 \$'000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-7		
Proceeds from disposal		1,207	691
Less: Carrying amount of assets sold		<u>2,998</u>	<u>2,431</u>
Gain (or loss) on disposal		<u>(1,791)</u>	<u>(1,740)</u>
Gain (or loss) on disposal of non-current assets held for sale			
Proceeds from Sales		-	-
Less: Carrying amount of assets sold		<u>-</u>	<u>-</u>
Gain (or loss) on disposal		<u>-</u>	<u>-</u>
Gain (or loss) on disposal of investments			
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		<u>-</u>	<u>-</u>
Gain (or loss) on disposal		<u>-</u>	<u>-</u>
Net gain (or loss) from the disposal of assets		<u>(1,791)</u>	<u>(1,740)</u>

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is derecognised.

B5. Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 14 June 2021 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. Other Revenues

Actual amounts of Other revenues were under budget by \$0.5M (19%) and reflects revenues lost due to postponement of events during COVID 19 and flooding impacts.

2. Grants and contributions provided for operating and capital purposes

Actual capital grants and contributions received were over budget by \$47.1M (420%).

Non cash dedications were received for infrastructure (\$31.4M) are not budgeted as they are not reliably estimated. Capital grants received for roads recreation infrastructure (\$11.6M) are not budgeted.

Actual operating grants and contributions received were over budget by \$5.4M (53%).

Flood funding of \$1m and additional FAG advance payment of \$2.1M were not budgeted as events and decisions occur during the year that impacted funding.

3. Interest

Actual interest received were under budget by \$0.5M (44%). Council's return on investment was below expectations due to the reduction in market rates over this period.

4. Other Income

Actual other income received was under budget by \$0.1M (16%).

Sports grounds and other rentals were less due to COVID 19 and flooding impacts.

Expenses

1. Borrowing Costs

Borrowing costs were over budget by \$0.3M (18%). This was the result of higher rates on the draw down of borrowing coupled with deferral of some borrowing from the prior year.

2. Depreciation and Amortisation

Depreciation and amortisation were over budget by \$2.5M (11%). Increases in infrastructure assets dedicated and acquired by Council increased depreciation which was not reflected in the budget.

3. Other expenses

Actual other expenses incurred was under budget by \$0.8M (18%). Waste levy expenses were less as less leviable tonnes were received into the waste facility during the year.

C. Financial Position

C1. Assets we manage

C1-1 Cash and cash equivalents

	Note	2022 \$'000	2021 \$'000
Cash at bank and on hand		14,757	18,514
Deposits at call		<u>1,000</u>	<u>1,000</u>
		<u>15,757</u>	<u>19,514</u>
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position		15,757	19,514
Less: Bank overdraft		-	-
Balances as per statement of cash flows		<u>15,757</u>	<u>19,514</u>

Accounting policy

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

C1-2 Financial investments

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss	-	-	-	-
Debt securities at amortised cost.	138,375	83,702	128,058	62,661
Equity securities at FVOCI	-	-	-	-
Total	138,375	83,702	128,058	62,661
Debt securities at amortised cost.				
- Term Deposits	138,375	26,072	116,224	28,046
- FRNs	-	53,213	6,833	29,864
- Bonds	-	4,417	5,001	4,751
- Property Linked Notes	-	-	-	-
	138,375	83,702	128,058	62,661

Accounting policy

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

On initial recognition all financial instruments are measured at fair value plus transaction costs except for instruments measured at fair value through profit or loss where transaction costs are 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.

Amortised Cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised costs as described above are measured at FVTPL. Net gains or losses, including any interest is recognised in profit or loss.

Council's financial assets measure at FVTPL are described above.

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

	2022 \$'000	2021 \$'000
Total cash, cash equivalents and investments	237,834	210,233
Less: Externally restricted cash & investments	121,543	106,316
Cash & Investment not subject to external restrictions	116,291	103,917

	2022 restricted cash \$'000	2021 restricted cash \$'000
External restrictions		
General fund		
Developer contributions	107,755	99,716
Domestic waste management	5,031	-
Specific purpose unexpended grants	8,757	6,600
Total external restrictions	121,543	106,316

Cash & 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.

Internal restrictions		
Employee leave entitlements	5,584	5,384
Economic development	903	903
Waste disposal site construction	2,531	2,531
Technology	5,171	5,103
Carry over works	34,625	29,184
Environmental works	538	511
Workers compensation	1,072	918
Asset management	2,052	1,954
General purpose reserve	3,721	2,828
Waste disposal site rehabilitation	11,815	11,216
Transfer station construction	17,704	17,740
Financial Assistance Grant advance payment	5,816	3,656
Election cost reserve	362	683
Pandemic / Emergency Response	974	996
Unexpended loans	14,704	12,341
Total internal restrictions	107,574	95,948
Total restrictions	229,117	202,264

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

Maitland City Council

Notes to the financial statements 30 June 2022

C1-4 Receivables

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	5,538	-	4,888	-
Interest and extra charges	531	-	400	-
User charges and fees	485	-	527	-
Government grants and subsidies	757	-	477	-
Contributions	110	-	137	-
Net GST Receivable	1,881	-	1,032	-
Property rentals	281	-	327	-
Other	24	-	45	-
Total	9,607	-	7,833	-
Less: Provision for impairment				
- Rates and annual charges	-	-	-	-
- Interest and extra charges	-	-	-	-
- User charges and fees	-	-	-	-
- Other	(118)	-	(118)	-
Net receivables	9,489	-	7,715	-

Accounting policy

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

Impairment

Impairment of financial assets measured at amortised 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.

Receivable of \$NIL written off during the reporting period are still subject to enforcement activity.

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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Inventories				
At cost:				
Stores, materials and/or trading stock	572	-	536	-
Total inventories	<u>572</u>	<u>-</u>	<u>536</u>	<u>-</u>
At net realisable value:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets	-	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

Maitland City Council

Notes to the financial statements 30 June 2022

C1-6 Contract assets and Contract cost assets

	2022 \$'000	2021 \$'000
Contract assets	3,476	796
Contract cost assets	-	-
	<u>3,476</u>	<u>796</u>
a. Contract assets		
Work relating to infrastructure grants	3,476	796
Less: impairment of contract assets	-	-
	<u>3,476</u>	<u>796</u>
b. Contract costs assets		
Costs to fulfil a contract	-	-
Other	-	-
Less: impairment of contract cost assets	-	-
	<u>-</u>	<u>-</u>

Accounting policy

Contract assets

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

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

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

Contract cost asset - Cost to fulfil a contract

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

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

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

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

Maitland City Council

Notes to the financial statements 30 June 2022

C1-7 Infrastructure. property, plant and equipment

By aggregated asset class	Restated At 1 July 2021			Movements during year						At 30 June 2022		
	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	15,148	-	15,148	11,965	27,805	-	-	(3,239)	-	51,679	-	51,679
Plant, equipment, furniture and fittings	24,454	16,821	7,633	-	3,300	(591)	(2,935)	-	-	26,061	18,653	7,407
Land	130,471	-	130,471	-	246	-	-	-	3,469	134,187	-	134,187
Infrastructure												
- Buildings & other structures	159,769	78,000	81,769	-	799	-	(3,115)	510	7,037	175,252	88,253	87,000
- Roads, bridges & footpaths	1,024,358	277,363	746,995	12,560	20,184	(1,317)	(15,732)	2,201	111,722	1,134,269	257,655	876,615
- Bulk earthworks	-	-	-	-	-	-	-	-	-	-	-	-
- Storm water drainage*	224,230	39,985	184,245	-	10,553	(61)	(1,592)	-	8,388	245,462	43,929	201,533
- Open space / recreational assets	85,487	28,674	56,813	-	2,830	(1,030)	(1,917)	528	2,472	91,104	31,409	59,695
- Other infrastructure (waste depot)	4,954	2,188	2,766	-	-	-	(229)	-	-	4,954	2,417	2,537
Other assets	16,129	3,314	12,815	-	1,082	(447)	(184)	-	528	15,029	1,235	13,794
Tip asset	9,847	6,206	3,641	-	-	-	(595)	-	1,118	10,965	6,801	4,164
Totals	1,694,847	452,551	1,242,296	24,525	66,799	(3,445)	(26,299)	-	134,734	1,888,962	450,351	1,438,610

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 2022

C1-7 Infrastructure. Property, plant and equipment (Cont)

By aggregated asset class	At 1 July 2020			Movements during year						Restated At 30 June 2021		
	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	24,085	-	24,085	-	9,814	-	-	(18,751)	-	15,148	-	15,148
Plant, equipment, furniture & fittings	23,523	14,483	9,040	-	2,096	(333)	(3,170)	-	-	24,454	16,821	7,633
Land	128,823	-	128,823	-	1,935	-	-	-	(287)	130,471	-	130,471
Infrastructure:												
- Buildings & other structures	150,199	74,887	75,312	-	1,488	-	(3,113)	8,082	-	159,769	78,000	81,769
- Roads, bridges & footpaths	989,206	260,478	728,728	14,567	17,866	(989)	(14,467)	4,398	(3,108)	1,024,358	277,363	746,995
- Storm water drainage	216,209	37,815	178,394	-	5,844	(161)	(1,535)	46	1,657	224,230	39,985	184,245
- Open space / recreational assets	68,605	23,080	45,525	2,889	-	(890)	(1,911)	6,225	4,975	85,487	28,674	56,813
- Other infrastructure (waste depot)	4,953	1,959	2,994	-	-	-	(228)	-	-	4,954	2,188	2,766
Other assets	15,254	3,624	11,630	-	1,092	(58)	(347)	-	498	16,129	3,314	12,815
Tip asset	10,335	5,751	4,584	-	-	-	(455)	-	(488)	9,847	6,206	3,641
Totals	1,631,192	422,077	1,209,115	17,456	40,135	(2,431)	(25,226)	-	3,247	1,694,847	452,551	1,242,296

C1-7 Infrastructure. Property, plant and equipment (Cont)

Accounting policy for infrastructure, property, plant & equipment

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. 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.

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

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

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.

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:

Office equipment	5 years	Flood control structures	100 - 200 years
Office furniture	10 years	Sealed roads - Surface	15 - 125 years
Vehicles and road making equipment	5 - 6 years	Sealed roads - Structure	50 - 200 years
Other plant and equipment	5 - 15 years	Unsealed roads	15 - 125 years
Buildings - Operational	30 - 150 years	Footpaths	75 years
Buildings - Community	30 - 150 years	Kerb and gutter	100 years
Park equipment	5 years	Road furniture	20 years
Community improvements	10 - 50 years	Bridge - Concrete	150 years
Drains	140-200 years	Bridge - Other	150 years
Culverts	200 years	Bulk earthworks	Infinite

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 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 in accordance with Accounting Policy. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

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, refer note C2-1 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 2022

C1-8 Intangible assets

Software	2022	2021
	\$'000	\$'000
<i>Opening values at 1 July</i>		
Gross book value	914	788
Accumulated amortisation and impairment	415	257
Net book value - opening balance	499	531
Movements for the year		
- Purchases	-	126
- Development costs	-	-
- Amortisation charges	183	158
- Gross book value written off	-	-
- Accumulated amortisation charges written off	-	-
- Accumulated impairment charges written off	-	-
<i>Closing values at 30 June</i>		
Gross book value	914	914
Accumulated amortisation and impairment	598	415
Total intangible assets - net book value	316	499

Accounting policy

Costs incurred in developing products or systems, and costs incurred in acquiring software and licences that will contribute to future-period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Maitland City Council

Notes to the financial statements 30 June 2022

C2. Leasing Activities

C2-1 Council as lessee

Council has leases over a range of assets including land & building and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Buildings

Council leases land and buildings for additional corporate offices and car parks; the leases are generally between 3 and 10 years and some of them include a renewal option to allow Council to renew for up to twice the non- cancellable lease term at their discretion

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 4 and 6 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

No future potential future lease payments have included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right-of-use assets

	Land and buildings	Office and IT equipment	Other	Total
	\$'000s	\$'000s	\$'000s	\$'000s
2022				
Opening balance at 1 July	283	386	-	669
Additions		448		448
Adjustments due to re-measurement	2			2
Depreciation charge	185	230		415
Impairment				-
Balance at 30 June 2022	100	604	-	704
2021				
	\$'000s	\$'000s	\$'000s	\$'000s
Opening balance at 1 July	452	427	-	879
Additions	-	149	-	149
Adjustments due to re-measurement	15	-	-	15
Depreciation charge	184	190	-	374
Impairment	-	-	-	-
Balance at 30 June 2021	283	386	-	669

(b) Lease liabilities

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

	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
2022	361	356	-	716	716
2021	273	407	-	680	680

Maitland City Council

Notes to the financial statements 30 June 2022

C2-1 Council as lessee (cont)

(c) Income statement

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

	2022 \$'000s	2021 \$'000s
Interest on lease liabilities	35	20
Variable lease payments based on usage not including the measurement of lease liabilities	-	-
Income from sub-leasing of right of use asset	-	-
Depreciation of right to use assets	374	374
Expenses relating to short term leases	-	-
Expenses relating to low value assets	-	-
	<u>409</u>	<u>394</u>
(d) Statement of cash flows		
Total cash outflow for leases	<u>268</u>	<u>531</u>

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

Maitland City Council

Notes to the financial statements 30 June 2022

C2-2 Council as lessor

(a) Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as community buildings in the statement of financial position (refer note C1-6).

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

	2022 \$'000s	2021 \$'000s
Operating leases		
Lease income (excl variable lease payments)	474	363
Lease income relating to variable lease payments	-	-
Total income relating to operating leases	<u>474</u>	<u>363</u>

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

	2022 \$'000s	2021 \$'000s
< 1 year	553	517
1 - 2 years	291	266
2 - 3 years	217	189
3 - 4 years	107	156
4 - 5 years	62	104
> 5 years	59	683
Total undiscounted lease receivable	<u>1,289</u>	<u>1,915</u>

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

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

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

Maitland City Council

Notes to the financial statements 30 June 2022

C3. Liabilities of Council

C3-1 Payables

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	13,094	-	9,474	-
Accrued wages and salaries	1,316	-	1,089	-
Accrued expenses - Other	643	-	391	-
Government departments & agencies	-	-	-	-
Prepaid rates	2,642	-	2,175	-
Other payables	-	-	-	-
Total payables	17,695	-	13,129	-
Current payables not expected to be settled within the next 12 months	-	N/A	-	N/A

Accounting policy

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 2022

C3-2 Contract liabilities

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Funds to construct Council controlled assets (i)	5,608	-	4,879	-
Funds received prior to performance obligation being satisfied (up front payments) - AASB 15 (ii)	-	-	-	-
Deposits received in advance of services provided	-	-	-	-
Upfront fees (iii)	-	-	-	-
Other	-	-	-	-
Total contract liabilities	5,608	-	4,879	-

(i). 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

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

(iii). Upfront membership fees do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life

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

	2022 \$'000	2021 \$'000
Funds to construct Council controlled asset	2,873	326
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	-	-
Deposit received in advance of services provided	-	-
Upfront fees	-	-
Other	-	-
	2,873	326

Accounting policy

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

Maitland City Council

Notes to the financial statements 30 June 2022

C3-3 Borrowings

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Bank overdraft	-	-	-	-
Loans:				
- Secured	8,110	75,321	6,794	47,369
Hire purchase	395	454	614	849
Total borrowings	8,505	75,775	7,408	48,218
Liabilities relating to restricted assets				
Domestic waste management	377	434	589	822
Total restricted liabilities	377	434	589	822

(a) Changes in liabilities arising from financing activities

	2021 \$'000s	Cash flows \$'000s	Non-cash movements \$'000s			2022 \$'000s
			Acquisition	Fair value changes	Other non-cash movement	
Loans:						
- secured	54,163	29,269	-	-	-	83,432
Hire purchase	1,463	(614)	-	-	-	849
Other	-	-	-	-	-	-
Total liabilities from financing activities	55,626	28,655	-	-	-	84,281

	2020 \$'000s	Cash flows \$'000s	Non-cash movements \$'000s			2021 \$'000s
			Acquisition	Fair value changes	Other non-cash movement	
Loans:						
- secured	48,632	5,531	-	-	-	54,163
Hire purchase	1,845	(382)	-	-	-	1,463
Other	-	-	-	-	-	-
Total liabilities from financing activities	50,477	5,149	-	-	-	55,626

Maitland City Council

Notes to the financial statements 30 June 2022

C3-3 Borrowings (Cont)

(b) Financing Arrangements	2022	2021
	\$'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	93	41
	<u>93</u>	<u>41</u>
Undrawn facilities		
Undrawn financing facilities available to council at the reporting date is:		
Asset finance facility	2,000	2,000
Corporate credit cards	47	99
	<u>2,047</u>	<u>2,099</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.

Accounting policy

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Maitland City Council

Notes to the financial statements 30 June 2022

C3-4 Employee benefit provisions

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Annual leave	4,674	-	4,192	-
Sick leave	446	-	607	-
Long service leave	8,455	262	9,429	345
RDO / Time in Lieu	534	-	456	-
Total provisions	14,109	262	14,684	345
Current provisions not expected to be settled within the next 12 months	10,448	N/A	10,584	N/A

Accounting Policy

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.

Maitland City Council

Notes to the financial statements 30 June 2022

C3-5 Provisions

	2022		2021	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Tip remediation	-	13,952	-	12,835
Other	-	-	-	-
Total provisions	-	13,952	-	12,835

Movements in provisions

	Asset remediation \$'000	Other Provision \$'000	Total \$'000
At beginning of year	12,835	-	12,835
Changes to provision:			
Revised life & costs to remediate	3,170	-	3,170
Revised discount rate	(2,053)	-	(2,053)
Amounts used	-	-	-
Unwinding of discount	-	-	-
Total	13,952	-	13,952

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.

Accounting policy

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

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

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

Asset remediation - tips & quarries

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.

C4. Reserves

C4-1 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. Council structure

D1. Interest in other entities

D1-1 Interest in joint arrangements

Aggregate information for joint ventures that are not individually material

Council has an interest in Arrow Collaborative Services Limited (formerly Startegic Services Australia Limited), along with other member Councils. The activities of this organisation are not controlled by any one Council.

Arrow Collaborative Services Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of Legal services for the use of the member Councils and to outsource this service to other organisations.

This organisation was established in January 2003 after receiving Minister's consent, pursuant to Section 358(1)(a) of the Local Government Act, 1993.

To date Arrow Collaborative has been treated as a joint venture in Council's financial statements.

From information provided during 2022 Council does not consider Arrow Collaborative Services Limited as a joint venture but an investment in accordance with AASB 9 *Financial Instruments* with a Nil fair value in accordance with AASB 13 *Fair Value Measurement*.

E. Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

- * Interest rate risk - the risk that movements in interest rates could affect returns.
- * liquidity risk - the risk that Council will not be able to pay its debts as and when they fall due.
- * 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.

	2022	2021
	\$'000	\$'000
Impact of a 10% movement in price of investments:		
- Equity / Income statement	-	-
Impact of a 1% movement in interest rates:		
- Equity / Income statement	218	457

E1-1 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.

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

There are no material receivables that have been 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 < 5 year \$'000	> 5 years \$'000	Total \$'000
Rates and annual charges				
2022	-	5,491	47	5,538
2021	-	4,846	42	4,888

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 \$'000	Overdue debts < 30 days \$'000	30 - 60 days \$'000	60 - 90 days \$'000	> 90 days \$'000	Total \$'000
Receivables - other than rates and annual charges						
2022	3,377	441	11	24	98	3,951
2021	1,708	949	24	51	210	2,942

E1-1 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.

2022 \$'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		17,695	-	-	17,695	17,695
Borrowings	2.93%	10,895	35,870	56,690	103,455	84,280
		28,590	35,870	56,690	121,150	101,975

2021 \$'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		13,129	-	-	13,129	13,129
Borrowings	2.79%	8,892	29,067	24,425	62,384	55,626
		22,021	29,067	24,425	75,513	68,755

Maitland City Council

Notes to the financial statements 30 June 2022

E2-1 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)	
		2022	2021	2022	Restated 2021	2022	Restated 2021
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Work in progress		-	-	51,679	15,148	51,679	15,148
Plant, equipment, furniture and fittings		-	-	7,407	7,633	7,407	7,633
Land		73,961	73,961	60,226	56,510	134,187	130,471
Buildings and other structures		-	-	87,000	81,769	87,000	81,769
Roads, bridges and footpaths		-	-	876,615	746,995	876,615	746,995
Storm water drainage		-	-	201,533	184,245	201,533	184,245
Open space / recreational assets		-	-	59,695	56,813	59,695	56,813
Other infrastructure assets (waste depot)		-	-	2,537	2,766	2,537	2,766
Other assets		-	-	13,794	12,815	13,794	12,815
Tip asset		-	-	4,164	3,641	4,164	3,641
Total infrastructure, property, plant & equipment		73,961	73,961	1,364,649	1,168,335	1,438,610	1,242,296

E2-1 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
Capital work in progress	Cost used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Plant and equipment, office equipment, furniture and fittings, library books, bushfire equipment and musical instruments	Cost used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational land	External valuer based on current prices in the same location and condition, taking into account highest and best use of the land	Land value, land area
Land Under Roads	Valued internally by Council based on community land values supplied by the Valuer General discounted for Engloblo.	Land Value, Land area
Community / Crown Land	VG valuation	Land value, land area
Buildings	External valuer. Non specialised buildings using market based direct valuation method. Specialised buildings using the depreciated replacement cost method.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.
Roads, bridges, footpaths, stormwater drainage	Valued internally by Council using the depreciated current replacement cost method.	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Swimming pools	Cost used to approximate fair value	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.
Other open space / recreational assets	Valued internally by Council using the depreciated current replacement cost method.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.
Other infrastructure assets (waste depot)	Cost used to approximate fair value	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.
Art works	Cost or external valuation used to approximate fair value	Current replacement cost and useful life
Tip asset	Valued internally by Council using independent report supporting the cost to rehabilitate.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.

Reconciliation of Movements

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

	2022	2021 Restated
	\$'000	\$'000
Balance at 1 July	1,168,335	1,136,193
Total gains or losses for the period		
Recognised in profit or loss - Realised (Refer Note B4-1)	(1,791)	(1,740)
Recognised in profit or loss - Unrealised	-	-
Recognised in other comprehensive income - Revaluation	134,734	3,247
Other movements		
Purchases	91,324	56,552
Sales	(1,207)	(691)
Depreciation	(26,299)	(25,226)
Transfers into Level 3	-	-
Transfer out of Level 3	-	-
Other movements	(447)	-
Balance at 30 June	<u>1,364,649</u>	<u>1,168,335</u>

E3-1 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 40.0M for 1 July 2019 to 31 December 2021 and \$20M for each year from 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 2021.

The expected contributions to the Fund by Council for the 2022/23 financial year is \$403,595

It is estimated that there are \$217,040 past service contributions remaining.

The estimated employer reserves financial position for the pooled employees as at 30 June 2021 is:

Employer reserves only	\$M	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested benefits	2,391.7	99.4%

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 5.50%, 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.

(c) Land Fill

Council's land fill at Anambah closed in 1993. Since that date the Council has identified contamination that requires containment and remediation. The financial impact to Council cannot be reliably estimated or quantified at this time.

F. People and relationships

F1. Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2022	2021
Compensation	\$'000	\$'000
Short-term benefits	2,471	2,272
Post-employment benefits	202	174
Other long-term benefits	-	-
Termination benefits	-	-
Total	2,673	2,446

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 by KMP) 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)
2022					
Employee expenses relating to close family members of KMP ¹	105		Council competency based salary system	-	-
Payments made for recycling services ²	2,664		30 days	-	-
Payments made for services received ³	249		30 days	-	-
Payments received for rates ⁴	10		Invoiced quarterly	-	-
Payments received for other services provided ⁵	-		30 days	-	-

F1-1 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	Impairment provision on outstanding balances (\$'000s)	Impairment expense (\$'000s)
2021					
Employee expenses relating to close family members of KMP ¹	169	-	Council competency based salary system	-	-
Payments made for recycling services ²	2,078	-	30 days	-	-
Payments made for services received ³	248	-	30 days	-	-
Payments received for rates ⁴	10	-	Invoiced quarterly	-	-
Payments received for other services provided ⁵	15	-	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. Hunter Resource Recovery details have not been consolidated into Council's financial statements as the amounts are not material to Council operations.

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. Further details of Council's interest in Arrow Collaborative Services Limited are outlined in Note D1-1.

⁴ Council receives rates income from Arrow Collaborative Services Limited, a company in which Council has an interest, for two properties owned within the Maitland local government area.

⁵ Council receives a rebate from Arrow Collaborative Services Limited, a company in which Council has an interest, for its share of Local Government Procurement Contracts and for various services provided.

Maitland City Council

Notes to the financial statements 30 June 2022

F1-2 Councillor and mayoral fees and associated expenses

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

	2022	2021
	\$'000	\$'000
Mayoral fee	61	59
Councillor fees	308	312
Councillors' (including mayor) expenses	22	17
Total	391	388

F2 Other relationships

F2-1 Audit fees

	2022	2021
	\$'000	\$'000
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	89	70
Other assurance services	-	-
Total fee paid or payable to the Auditor-General	89	70
(ii) Other non-assurance services - Other firms		
Tax Compliance services	-	-
Internal audit services:	47	41
Total fee paid or payable other firms	47	41

G. Other matters

G1-1 Statement of cash flows information

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

	2022 \$'000	2021 \$'000
Operating result	60,641	54,379
Add / (less) non-cash items		
(Gain) / loss on disposal of assets	1,791	1,740
Depreciation and amortisation	26,896	25,759
Non -cash contributions and dedications	(31,624)	(26,148)
Impairment of receivables	7	56
Impairment of PPE	-	-
(Profit)/loss on equity accounted investment	-	107
Changes in assets and liabilities		
Movement in operating assets and liabilities		
(Increase) / decrease of receivables	(1,773)	3,620
(Increase) / decrease of other assets	-	(3)
(Increase) / decrease of Inventories	(36)	(69)
(Increase) / decrease of contract asset	(2,680)	(796)
(Increase) / decrease of contract cost asset	-	-
Increase / (decrease) in trade payables	4,566	(318)
Increase / (decrease) in contract liabilities	729	4,553
Increase / (decrease) in employee benefit provision	(658)	517
Increase / (decrease) in other provisions	1,117	(488)
Net Cash Flows from operating activities	<u>58,976</u>	<u>62,909</u>

(b) Non-cash financing and investing activities

Asset contributions		
- Roads Bridges and footpaths	20,139	17,995
- Drainage	10,412	4,930
- Land	188	1,605
- Buildings	-	749
- Other	884	869
	<u>31,624</u>	<u>26,148</u>

Maitland City Council

Notes to the financial statements 30 June 2022

G2-1 Capital commitments

	Actual 2022 \$'000	Actual 2021 \$'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	5,116	1,927
- Roads, bridges & footpaths	4,120	976
- Drainage assets	200	63
- Recreational assets	1,448	19
- Buildings	15,037	36,870
- Other	1,137	-
Total	<u>27,058</u>	<u>39,855</u>

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

G3-1 Events occurring after reporting date

NIL

G4. Change from prior year statements**G4-1. Correction of errors****Nature of Prior-period Error****Open space / recreational assets**

As part of the recognition of Open Space & Recreation assets undertaken in 2020/21 Council did not recognise assets totalling \$3.824M in the Financial Statements. The error identified has been corrected by restating Infrastructure Property, Plant & Equipment (IPPE) as at 30 June 2021.

The impact on each line item is shown in the table below:

	Original Balance at 30 June 2021 \$'000s	Increase/ (decrease) \$'000s	Restated balance at 30 June 2021 \$'000s
Statement of Financial Position			
Infrastructure, property Plant and equipment (IPPE)	1,238,472	3,824	1,242,296
Total Assets	<u>1,459,345</u>	<u>3,824</u>	<u>1,463,169</u>
Net Assets	<u>1,357,167</u>	<u>3,824</u>	<u>1,360,991</u>
Revaluation Reserve	365,037	3,824	368,861
Total Equity	<u>1,357,167</u>	<u>3,824</u>	<u>1,360,991</u>
Statement of Comprehensive Income			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	(89)	3,824	3,735
Total other comprehensive income for the year	(89)	3,824	3,735
Total comprehensive income for the year attributable to the council	<u>54,290</u>	<u>3,824</u>	<u>58,114</u>

G5. Statement of developer contributions as at 30 June 2022**G5-1 Summary of developer contributions**

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	609	158	-	-	-	-	767	-
Roads	272	118	-	1	-	-	391	-
Traffic facilities	44,448	7,025	-	99	2,519	-	49,053	-
Parking	1	-	-	-	-	-	1	-
Open space	27,132	2,553	-	61	1,090	-	28,656	-
Community facilities	23,433	2,051	-	53	170	-	25,367	-
Other	1,372	291	-	3	395	-	1,271	-
S7.11 under plans	97,267	12,196	-	217	4,174	-	105,506	-
S7.12 levies	2,449	1,098	-	5	1,303	-	2,249	-
Total Contributions	99,716	13,294	-	222	5,477	-	107,755	-

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

G5-2 Developer contributions by plan**Contribution plan no. 1 - 1995 Plan**

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan (i) Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	2	-	-	-	-	2	-	-
Parking	1	-	-	-	-	1	-	-
Open space	176	-	-	-	-	176	-	-
Community facilities	2,471	-	-	6	5	2,472	-	-
Other	1	-	-	-	-	1	-	-
Total	2,651	-	-	6	5	2,652	-	-

(i) The transfer of funds to the 2006 City wide plan is due to the completion of projects under the 1995 plan.

Maitland City Council

Notes to the financial statements 30 June 2022

G5-2 Developer contributions by plan (Cont)

Contribution plan no. 2 - 2006 City Wide Plan

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan (i) Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	-	-	-	-	-	-	-	-
Roads	272	118	-	1	-	-	391	-
Traffic facilities	8,323	200	-	18	1,022	2	7,521	-
Parking	-	-	-	-	-	1	1	-
Open space	9,872	141	-	21	730	176	9,480	-
Community facilities	9,351	81	-	20	165	2,472	11,759	-
Other	408	9	-	1	23	1	396	-
Total	28,226	549	-	61	1,940	2,652	29,548	-

(i) see above

Contribution plan no. 3 - 2006 Rutherford Trunk Drainage

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	238	-	-	-	-	-	238	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-
Open space	-	-	-	-	-	-	-	-
Community facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	238	-	-	-	-	-	238	-

Maitland City Council

Notes to the financial statements 30 June 2022

G5-2 Developer contributions by plan (Cont)

Contribution plan no. 4 - 2006 Thornton North Plan

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	23,901	2,307	-	51	308	-	25,951	-
Parking	-	-	-	-	-	-	-	-
Open space	12,173	21	-	27	-	-	12,221	-
Community facilities	5,723	305	-	13	-	-	6,041	-
Other	521	78	-	1	371	-	229	-
Total	42,318	2,711	-	92	679	-	44,442	-

Contribution plan no. 5 - 2014 Lochinvar Plan

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Plan Consolidation (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	371	157	-	1	-	-	529	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	1,395	817	-	4	-	-	2,216	-
Parking	-	-	-	-	-	-	-	-
Open space	2,388	651	-	6	-	-	3,045	-
Community facilities	764	327	-	2	-	-	1,093	-
Other	177	76	-	1	1	-	253	-
Total	5,095	2,028	-	14	1	-	7,136	-

Maitland City Council

Notes to the financial statements 30 June 2022

G5-2 Developer contributions by plan (Cont)

Contribution plan no. 6 - 2016 City Wide Plan

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Internal borrowings (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	9,987	2,509	-	23	1,189	-	11,330	-
Parking	-	-	-	-	-	-	-	-
Open space	1,137	446	-	3	360	-	1,226	-
Community facilities	4,756	986	-	11	-	-	5,753	-
Other	209	49	-	-	-	-	258	-
Total	16,089	3,990	-	37	1,549	-	18,567	-

Contribution plan no. 7 - 2015 Farley Plan

Purpose	Balance At 1 July 2021 (\$'000)	Contributions received		Interest & investment income earned (\$'000)	Amount Expensed (\$'000)	Internal borrowings (\$'000)	Held as restricted asset At 30 June 2022 (\$'000)	Cumulative balance of internal borrowings (to) / from (\$'000)
		Cash (\$'000)	Non cash (\$'000)					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic facilities	840	1,192	-	3	-	-	2,035	-
Parking	-	-	-	-	-	-	-	-
Open space	1,386	1,294	-	4	-	-	2,684	-
Community facilities	368	352	-	1	-	-	721	-
Other	56	79	-	-	-	-	135	-
Total	2,650	2,917	-	8	-	-	5,575	-

G6. Statement of performance measures**G6-1 Statement of performance measures**

	Amounts 2022 \$'000	2022 indicators	2021 indicators	2020 indicators	Benchmark
1. Operating performance					>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽⁴⁾	\$ 4,005	3.20%	4.78%	7.14%	
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	\$ 125,264				
2. Own source operating revenue					>60%
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	\$ 109,619	59.68%	63.42%	57.77%	
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions	\$ 183,691				
3. Unrestricted current ratio					>1.5x
Current assets less all external restrictions	\$ 129,828	3.66 x	3.85 x	3.64 x	
Current liabilities less specific purpose liabilities ^{(2), (3)}	\$ 35,453				
4. Debt service cover ratio					>2x
Operating results ¹ before capital excluding interest and depreciation / impairment / amortisation (EBTDA)	\$ 32,825	3.34 x	3.64 x	3.93 x	
Principal repayments (from statement of cash flows) + borrowing interest costs (from income statement)	\$ 9,837				
5. Rates and annual charges outstanding percentage					<5% metro <10% regional
Rates and annual charges outstanding	\$ 6,068	5.93%	5.42%	5.29%	
Rates and annual charges collectable	\$ 102,408				
6. Cash expense cover ratio					>3 months
Current year's cash and cash equivalents + term deposits	\$ 180,204	21.29	18.61	14.87	
Payments from cash flow of operating and financing activities	\$ 101,573	months	months	months	

Notes:

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets and net share/loss of interests in joint ventures and associates.

(2) Refer to Note C3-4

(3) \$10,448 provisions not expected to be settled have been deducted.

(4) Excludes impairment/revaluation decrements, net loss on sale of assets & net loss on share of interest in Joint ventures and associates joint ventures and associates

End of Audited Financial Statement



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 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, 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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

26 October 2022
SYDNEY

Maitland City Council

**Special Schedules
for the year ended 30 June 2022**

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Special Schedules

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Special Schedule 2 Report on infrastructure assets (not audited) B3

Maitland City Council

Special Schedule 1 Permissible Income for General Rates

	2022/23 \$'000	2021/22 \$'000
Notional General Income Calculation⁽¹⁾		
Last year notional income yield	76,752	74,342
Plus / minus adjustments ⁽²⁾	<u>1,990</u>	<u>965</u>
Notional general income	<u>78,742</u>	<u>75,307</u>
Permissible income calculation		
Special variation percentage ⁽³⁾	0.00%	0.00%
OR Rate peg percentage	0.70%	2.00%
OR Crown land adjustment incl. rate peg percentage	-	-
Less expiring special variation amount	-	-
Plus special variation amount	-	-
OR Plus rate peg amount	552	1,506
OR Plus crown land adjustment and rate peg amount	-	-
Sub total	<u>79,294</u>	<u>76,813</u>
Plus or minus last year's carry forward total	331	270
Less valuation objections claimed in the previous year	-	-
Sub total	<u>331</u>	<u>270</u>
Total permissible income	<u>79,625</u>	<u>77,083</u>
Less notional general income yield	<u>79,932</u>	<u>76,752</u>
Catch-up or (excess) result	<u>(307)</u>	<u>331</u>
Plus income lost due to valuation objections claimed ⁽⁴⁾	14	-
Less unused catch-up ⁽⁵⁾	-	-
Carry forward to next year ⁽⁶⁾	<u>(293)</u>	<u>331</u>

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 2022

Asset class	Asset category	Estimated cost to bring to a satisfactory standard \$'000	Estimated cost to bring to the agreed level of service set by Council \$'000	2021/22 Required maintenance \$'000	2021/22 actual maintenance^ \$'000	Net carrying amount \$'000	Gross replacement cost (GRC) \$'000	Assets in condition as a % of Gross Replacement Cost				
								1	2	3	4	5
Buildings *		44,800	44,800	1,998	1,679	87,000	175,252	8.0%	37.0%	38.0%	15.0%	2.0%
Other structures *		-	-	-	-	-	-	-	-	-	-	-
Roads *	Sealed Roads	27,928	4,473	4,473	6,805	582,484	712,399	64.0%	29.0%	5.0%	1.0%	1.0%
	Unsealed Roads	852	852	14	208	2,504	5,165	2.0%	0.9%	74.4%	20.2%	2.5%
	Other Roads Assets	40,377	8,120	1,175	450	145,248	214,963	43.0%	23.0%	29.0%	3.0%	2.0%
	Bridges	2,902	713	366	48	45,398	57,259	70.0%	19.0%	7.0%	4.0%	0.0%
	Footpaths	18,228	1,957	1,220	1,861	100,981	144,483	42.1%	36.7%	19.6%	1.4%	0.2%
	Bulk earthworks	-	-	-	-	-	-	-	-	-	-	-
	Sub total	90,287	16,115	7,248	9,372	876,615	1,134,269					
Stormwater drainage *		11,353	4,579	1,802	1,028	201,533	245,462	57.0%	35.0%	6.0%	1.0%	1.0%
Open space / recreational assets *	Other open space / recreational assets	-	-	-	-	-	-	-	-	-	-	-
	Sub total	7,053	1,928	1,928	4,776	59,695	91,104	45.2%	42.7%	8.6%	2.8%	0.7%
		7,053	1,928	1,928	4,776	59,695	91,104					
Total classes	Total - all assets	153,493	67,422	12,976	16,855	1,224,843	1,646,087					

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 C1-7

^ 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 2022**

Infrastructure asset performance indicators *

	Amounts \$'000	Current year indicators	2021	Benchmark
1. Building & infrastructure renewals ratio				>100%
<u>Asset renewals (renewals only for Infrastructure Assets)</u>	<u>\$ 24,525</u>	<u>108.6%</u>	<u>99.1%</u>	
Depreciation, amortisation and impairment	\$ 22,584			
2. Infrastructure backlog ratio				<2%
<u>Estimated cost to bring assets to a satisfactory condition</u>	<u>\$ 153,493</u>	<u>12.5%</u>	<u>11.1%</u>	
Net carrying amount of infrastructure assets	\$ 1,224,843			
3. Asset maintenance ratio				>100%
<u>Actual asset maintenance</u>	<u>\$ 16,855</u>	<u>129.9%</u>	<u>117.8%</u>	
Required asset maintenance	\$ 12,976			
4. Cost to bring assets to agreed service level				
<u>Estimated cost to bring assets to an agreed level of service set by Council</u>	<u>\$ 67,422</u>	<u>4.1%</u>	<u>1.8%</u>	
Gross replacement cost	\$ 1,646,087			

* 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 2023.

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 2021–22 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2022 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 2022'.

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.



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

26 October 2022
SYDNEY



Cr Philip Penfold
Mayor
Maitland City Council
PO Box 220
Maitland NSW 2320

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: D2026215/1758

26 October 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
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 2022 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 2022 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

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	96.9	92.8	↑ 4.4
Grants and contributions revenue	74.1	61.5	↑ 20.5
Operating result from continuing operations	60.6	54.4	↑ 11.4
Net operating result before capital grants and contributions	2.2	3.8	↓ 42.1

Rates and annual charges revenue (\$96.9 million) increased by \$4.1 million (4.4 per cent) in 2021–22 due to:

- annual rate peg increase applied to ordinary rates (2.0 per cent)
- increase of \$0.5 million in domestic waste management services revenue

Grants and contributions revenue (\$74.1 million) increased by \$12.6 million (20.5 per cent) in 2021–22 mainly due to:

- increase of \$2.1 million in revenue from financial assistance grant received in advance
- increase of \$5.6 million in revenue from grants for local road fixing and safety initiatives.

The Council's operating result from continuing operations (\$60.6 million including depreciation and amortisation expense of \$26.9 million) was \$6.2 million higher than the 2020–21 result. This was mainly due to increase in revenue as explained above, netted off by increase in materials and services operating expenditure by \$5.1 million.

The net operating result before capital grants and contributions (\$2.2 million) was \$1.6 million lower than the 2020–21 result.

STATEMENT OF CASH FLOWS

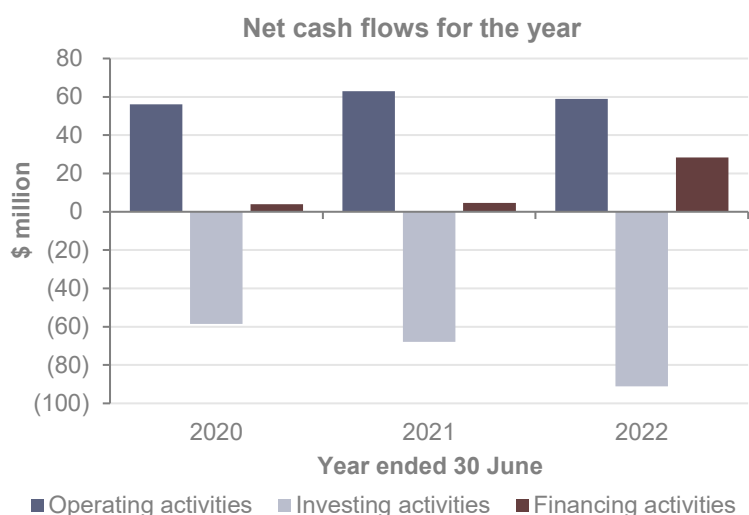
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The decrease in cash provided from operating activities is mainly due to increase in payments made for materials and services.

The increase in cash used in investing activities is mainly due to higher payments for purchases of infrastructure, property, plant and equipment and acquisition of investment securities.

The increase in cash provided from financing activities is due to increased proceedings from borrowings during the year.

The Council's cash and cash equivalent balances at 30 June 2022 was \$15.8 million (2021: \$19.5 million). The net cash flow for the year was a decrease of \$3.8 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	237.8	210.2	<ul style="list-style-type: none">• Cash and investments increased by \$27.6 million.• Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$15.2 million primarily due to an increase in available cash balance relating to developer contributions.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	121.5	106.3	
• Internal allocations	107.6	95.9	<ul style="list-style-type: none">• Internally restricted cash and investments are due to Council policy or decision to restrict funds for forward plans including strategic capital projects. The increase in internal restrictions of \$11.7 million is mainly due to an increase in cash balances related to carry over works of \$ 5.4 million.

Debt

The Council has \$84.3 million of borrowings as at 30 June 2022 (2021: \$55.6 million).

The Council has an accumulated drawdown facility limit of \$2.1 million as at 30 June 2022 (2021: \$2.1 million), which remained unutilised at year-end.

PERFORMANCE

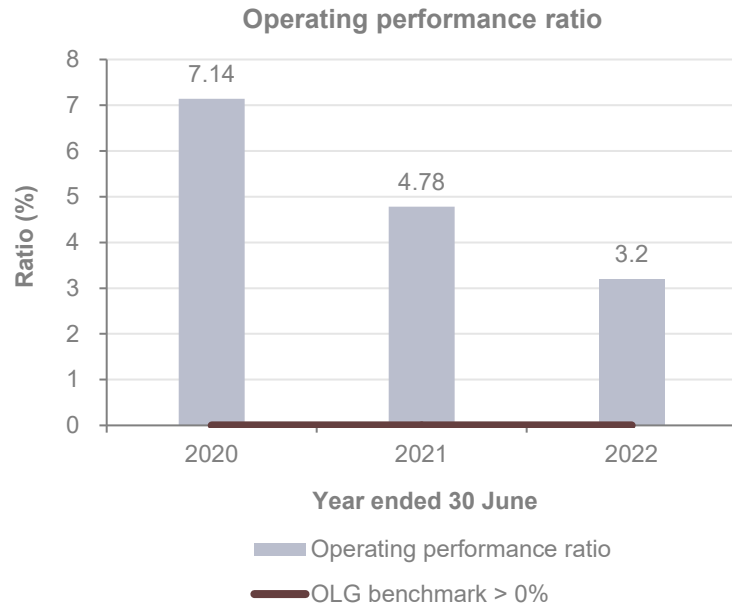
Performance measures

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

Operating performance ratio

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

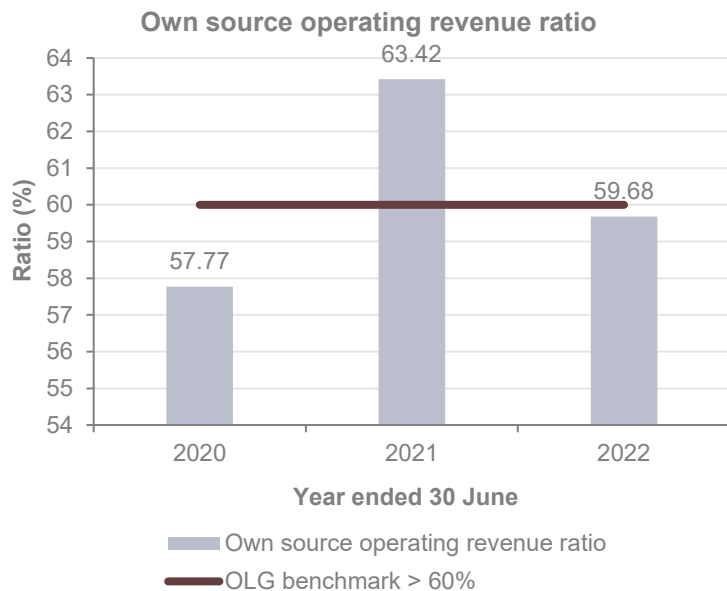
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

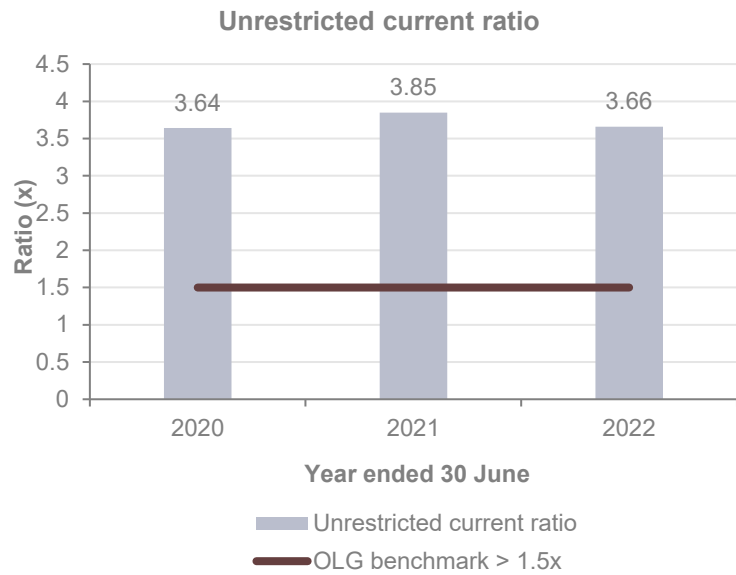
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

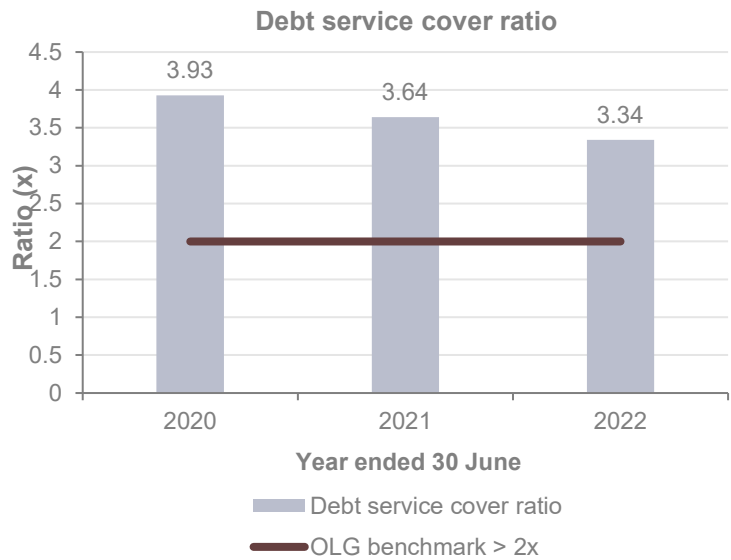
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

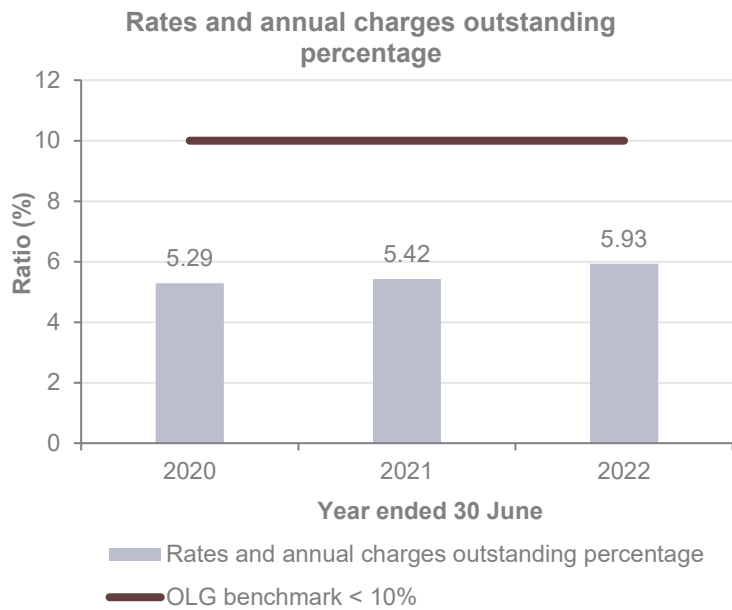
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

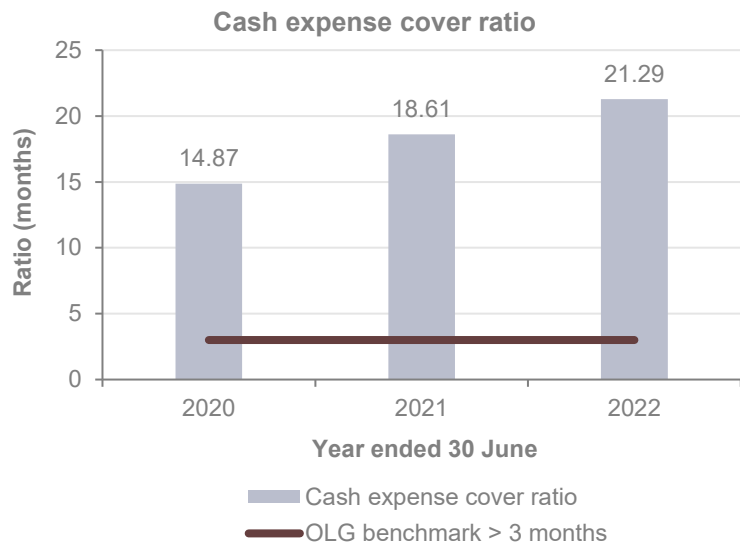
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council met the OLG 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 reported road, bridges and footpath asset renewals of \$12.6 million in 2021-22 (\$14.6 million in 2020-21).

Legislative compliance

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

The Council's:

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



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

cc: Mr David Evans, General Manager
Mr Greg Farrow, Chair of Audit, Risk and Improvement Committee