

Singleton Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

Vibrant/Connected/Sustainable/Resilient/Progressive



Singleton Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Vibrant/Connected/Sustainable/Resilient/Progressive



General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

12-14 Queen Street
SINGLETON NSW 2330

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-1.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.singleton.nsw.gov.au.

Singleton Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 30 August 2022.



Sue Moore
Mayor

18 October 2022



Tony Jarrett
Deputy Mayor

18 October 2022



Jason Linnane
General Manager

18 October 2022



Jeannie Hayes
Responsible Accounting Officer

18 October 2022

Singleton 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				
33,311	Rates and annual charges	B2-1	33,559	31,518
16,787	User charges and fees	B2-2	18,244	16,285
329	Other revenues	B2-3	764	613
9,152	Grants and contributions provided for operating purposes	B2-4	11,559	14,246
6,392	Grants and contributions provided for capital purposes	B2-4	12,266	12,780
1,306	Interest and investment income	B2-5	1,654	1,876
277	Other income	B2-6	220	168
300	Net gain from the disposal of assets	B4-1	–	–
67,854	Total income from continuing operations		78,266	77,486
Expenses from continuing operations				
21,080	Employee benefits and on-costs	B3-1	23,906	22,524
20,665	Materials and services	B3-2	24,450	22,531
770	Borrowing costs	B3-3	664	524
14,734	Depreciation, amortisation and impairment of non-financial assets	B3-4	14,106	13,148
2,314	Other expenses	B3-5	3,318	3,107
–	Net loss from the disposal of assets	B4-1	1,511	258
59,563	Total expenses from continuing operations		67,955	62,092
8,291	Operating result from continuing operations		10,311	15,394
8,291	Net operating result for the year attributable to Council		10,311	15,394
1,900	Net operating result for the year before grants and contributions provided for capital purposes		(1,955)	2,614

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

Singleton Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
Net operating result for the year – from Income Statement		10,311	15,394
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	75,772	4,694
Other comprehensive income – joint ventures and associates		(200)	–
Total items which will not be reclassified subsequently to the operating result		75,572	4,694
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		200	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		200	–
Total other comprehensive income for the year		75,772	4,694
Total comprehensive income for the year attributable to Council		86,083	20,088

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

Singleton Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,654	10,794
Investments	C1-2	92,500	83,200
Receivables	C1-4	8,852	6,417
Inventories	C1-5	4,948	4,918
Other	C1-7	178	139
Total current assets		112,132	105,468
Non-current assets			
Investments	C1-2	26,500	26,000
Receivables	C1-4	292	192
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,019,536	933,360
Right of use assets	C2-1	2,039	1,989
Investments accounted for using the equity method	D2	–	200
Total non-current assets		1,048,367	961,741
Total assets		1,160,499	1,067,209
LIABILITIES			
Current liabilities			
Payables	C3-1	9,513	6,617
Contract liabilities	C3-2	1,384	1,716
Lease liabilities	C2-1	554	595
Borrowings	C3-3	2,343	1,921
Employee benefit provisions	C3-4	4,680	4,993
Total current liabilities		18,474	15,842
Non-current liabilities			
Payables	C3-1	–	322
Lease liabilities	C2-1	1,130	1,371
Borrowings	C3-3	13,936	8,925
Employee benefit provisions	C3-4	238	333
Provisions	C3-5	21,031	20,809
Total non-current liabilities		36,335	31,760
Total liabilities		54,809	47,602
Net assets		1,105,690	1,019,607
EQUITY			
Accumulated surplus	C4-1	545,624	535,313
IPPE revaluation reserve	C4-1	560,066	484,294
Total equity		1,105,690	1,019,607

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

Singleton Council

Statement of Changes in Equity for the year ended 30 June 2022

	2022			2021		
	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July	535,313	484,294	1,019,607	519,919	479,600	999,519
Opening balance	535,313	484,294	1,019,607	519,919	479,600	999,519
Net operating result for the year	10,311	–	10,311	15,394	–	15,394
Other comprehensive income						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	–	75,772	75,772	–	4,694	4,694
Other comprehensive income	–	75,772	75,772	–	4,694	4,694
Total comprehensive income	10,311	75,772	86,083	15,394	4,694	20,088
Closing balance at 30 June	545,624	560,066	1,105,690	535,313	484,294	1,019,607

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

Singleton 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>				
33,286	Rates and annual charges		33,637	31,892
16,662	User charges and fees		18,831	17,939
1,302	Interest received		1,783	1,859
15,715	Grants and contributions		20,251	25,782
–	Bonds, deposits and retentions received		454	56
628	Other		4,102	4,949
<i>Payments:</i>				
(21,106)	Payments to employees		(24,609)	(21,121)
(20,665)	Payments for materials and services		(26,357)	(24,845)
(770)	Borrowing costs		(664)	(524)
–	Bonds, deposits and retentions refunded		(9)	(92)
(2,560)	Other		(3,740)	(5,335)
22,492	Net cash flows from operating activities	G1-1	23,679	30,560
Cash flows from investing activities				
<i>Receipts:</i>				
2,818	Sale of investments		53,782	69,588
2,520	Sale of real estate assets		5,778	5,055
698	Proceeds from sale of IPPE		258	1,238
<i>Payments:</i>				
(1,982)	Purchase of investments		(63,550)	(70,014)
(30,877)	Payments for IPPE		(24,784)	(33,556)
(2,220)	Purchase of real estate assets		(4,908)	(3,952)
(29,043)	Net cash flows from investing activities		(33,424)	(31,641)
Cash flows from financing activities				
<i>Receipts:</i>				
9,541	Proceeds from borrowings		7,793	2,411
<i>Payments:</i>				
(2,501)	Repayment of borrowings		(2,360)	(1,677)
(394)	Principal component of lease payments		(828)	(568)
6,646	Net cash flows from financing activities		4,605	166
95	Net change in cash and cash equivalents		(5,140)	(915)
689	Cash and cash equivalents at beginning of year		10,794	11,709
784	Cash and cash equivalents at end of year	C1-1	5,654	10,794
100,059	plus: Investments on hand at end of year	C1-2	119,000	109,200
100,843	Total cash, cash equivalents and investments		124,654	119,994

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

Singleton Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 30 August 2022. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated 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 (NSW)* and Local Government (General) Regulation 2005 (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- B5-1 – Performance against budget

and are clearly marked.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Fair value measurement - E2-1
- (ii) Provisions (asset remediation/restoration) – C3-5
- (iii) Provisions (employee benefits) – 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 the 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.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Section 355 Committees
- Water Services
- Sewerage Service

The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.										
	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Functions or activities										
Our Leadership	29,470	26,797	9,094	8,674	20,376	18,123	4,981	3,204	21,063	17,981
Our Places	33,112	31,540	37,567	36,229	(4,455)	(4,689)	14,286	14,590	959,544	887,942
Our People	2,628	2,204	5,881	4,986	(3,253)	(2,782)	804	602	22,782	17,207
Our Environment	10,923	13,153	14,394	11,330	(3,471)	1,823	1,531	4,993	135,463	124,840
Our Economy	2,133	3,792	1,019	873	1,114	2,919	2,223	3,637	21,647	19,239
Total functions and activities	78,266	77,486	67,955	62,092	10,311	15,394	23,825	27,026	1,160,499	1,067,209

B1-2 Components of functions or activities

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

Our Leadership

- Council Performance & Improvement
- Depot & Council Fleet Services
- Executive Projects
- Financial Services
- Governance
- Information Services
- Integrated Risk
- People & Culture
- Procurement
- Property
- Strategy & Engagement

Our Places

- Council Assets
- Emergency Services
- Major Projects
- Recreation & Facilities
- Roads Delivery
- Roads (Infrastructure Planning & Programming)
- Sewer Services
- Water Services

Our People

- Arts & Culture
- Children Services
- Gym & Swim Centre
- Library Services
- Other Community Services
- Youth Services

Our Environment

- Environmental Services
- Planning & Development Services
- Regulatory Services

Our Economy

- Economy & Community
- Land Development
- Regional Livestock Market

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	11,165	10,737
Farmland	1,602	1,568
Mining	8,304	7,866
Business	2,262	2,218
Covid-19 Rate Rebate	–	(14)
Less: pensioner rebates (mandatory)	(210)	(215)
Rates levied to ratepayers	23,123	22,160
Pensioner rate subsidies received	118	121
Total ordinary rates	23,241	22,281
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	4,651	4,020
Stormwater management services	152	151
Water supply services	1,476	1,405
Sewerage services	4,145	3,763
Less: pensioner rebates (mandatory)	(236)	(226)
Less: pensioner rebates (Council policy)	(4)	(4)
Annual charges levied	10,184	9,109
Pensioner subsidies received:		
– Water	46	45
– Sewerage	48	44
– Domestic waste management	40	39
Total annual charges	10,318	9,237
Total rates and annual charges	33,559	31,518

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	5,609	4,815
Sewerage services	2	1,011	936
Total specific user charges		6,620	5,751
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	167	101
Private works – section 67	2	–	1
Regulatory/ statutory fees	2	495	420
Registration fees	2	46	23
Section 10.7 certificates (EP&A Act)	2	91	104
Section 603 certificates	2	69	80
Tapping fees	2	134	101
Tipping fees	2	3,018	2,476
Total fees and charges – statutory/regulatory		4,020	3,306
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	88	98
Child care	2	1,821	1,605
Transport for NSW works (state roads not controlled by Council)	2	2,437	2,133
Saleyards	2	1	–
Auditorium	2	36	27
CBD caretaker	2	110	92
Gym and swim	2	1,821	1,857
Inspection fees	2	73	83
Lake St Clair fees	2	438	452
Liquid waste	2	111	104
Onsite sewer management	2	292	286
Other	2	376	491
Total fees and charges – other		7,604	7,228
Total other user charges and fees		11,624	10,534
Total user charges and fees		18,244	16,285
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		18,244	16,285
Total user charges and fees		18,244	16,285

Accounting policy

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

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

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

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

B2-3 Other revenues

	Timing	2022 \$ '000	2021 \$ '000
Ex gratia rates	2	9	9
Fines	2	24	48
Legal fees recovery – rates and charges (extra charges)	2	111	56
Commissions and agency fees	2	26	26
Diesel rebate	2	5	8
Insurance claims recoveries	2	437	144
Risk management bonus	2	84	103
Other	2	68	219
Total other revenue		764	613

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	764	613
Total other revenue	764	613

Accounting policy for other revenue

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

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

B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,421	1,214	–	–
Financial assistance – local roads component	2	726	673	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,182	1,292	–	–
Financial assistance – local roads component	2	1,120	720	–	–
Amount recognised as income during current year		5,449	3,899	–	–
Special purpose grants and non-developer contributions (tied)					
Water supplies	2	65	–	–	19
Sewerage services	2	65	–	–	–
Waste services	2	66	–	–	–
Bushfire funding	2	–	250	–	–
Community	2	432	916	2,223	2,939
Environmental programs	2	133	–	–	–
Floodplain management	1	31	–	–	–
Heritage and cultural		15	–	–	–
Library	2	121	124	–	–
Storm/flood damage		1,000	–	–	–
Resources to Regions	2	45	670	–	12
Street lighting	2	62	79	–	–
Transport (roads to recovery)	2	816	827	–	78
Transport (other roads and bridges funding)	2	405	586	5,934	5,889
Other specific grants	2	420	669	800	–
Previously contributions:					
Bushfire services	2	365	571	1,080	154
Other contributions	2	467	394	4	–
Roadworks and carparks	2	99	147	–	–
Other (MTW Historic Heritage Conservation Fund)	2	107	104	–	–
Other (Voluntary Planning Agreements)	2	1,396	5,010	–	110
Total special purpose grants and non-developer contributions – cash		6,110	10,347	10,041	9,201
Total special purpose grants and non-developer contributions (tied)		6,110	10,347	10,041	9,201
Total grants and non-developer contributions		11,559	14,246	10,041	9,201
Comprising:					
– Commonwealth funding		907	917	1,292	865
– State funding		8,612	7,728	7,665	8,072
– Other funding		2,040	5,601	1,084	264
Totals		11,559	14,246	10,041	9,201

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,
 (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	513	669
S 64 – water supply contributions		2	–	–	(79)	225
S 64 – sewerage service contributions		2	–	–	(61)	131
Total developer contributions – cash			–	–	373	1,025
Non-cash contributions						
S 7.11 – contributions towards amenities/services (roads)		2	–	–	1,603	1,218
S 64 – stormwater contributions		2	–	–	249	1,092
Other developer contributions		2	–	–	–	244
Total developer contributions non-cash			–	–	1,852	2,554
Total developer contributions			–	–	2,225	3,579
Total contributions			–	–	2,225	3,579
Total grants and contributions			11,559	14,246	12,266	12,780
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			847	–	2,753	4,671
Grants and contributions recognised at a point in time (2)			10,712	14,246	9,513	8,109
Total grants and contributions			11,559	14,246	12,266	12,780

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,345	970	3,348	1,886
Adjustment to exclude Financial Assistance Grant	—	—	—	—
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,481	1,173	2,947	1,040
Add: Funds received and not recognised as revenue in the current year	615	—	—	1,559
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,092)	(798)	(1,790)	(809)
Less: Funds received in prior year but revenue recognised and funds spent in current year	—	—	(1,038)	(328)
Unspent funds at 30 June	2,349	1,345	3,467	3,348

B2-4 Grants and contributions (continued)

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Contributions				
Unspent funds at 1 July	11,046	6,431	13,904	14,056
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	147	138	–	69
Add: contributions received and not recognised as revenue in the current year	1,271	5,068	482	1,178
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(1,399)	(591)	(517)	(1,399)
Unspent contributions at 30 June	11,065	11,046	13,869	13,904

Accounting policy

Accounting policy from 1 July 2019

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include [provide details of performance obligations within AASB 15 grants e.g. events, vaccinations]. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Capital grants

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

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

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

Contributions

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

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

B2-4 Grants and contributions (continued)

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

B2-5 Interest and investment income

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	79	46
– Cash and investments	1,575	1,830
Total interest and investment income (losses)	1,654	1,876

Accounting policy

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

B2-6 Other income

	Notes	2022 \$ '000	2021 \$ '000
Fair value increment on investments			
Fair value increment on investments through profit and loss		32	–
Total Fair value increment on investments		32	–
Rental income			
Other lease income			
Buildings		134	123
Room/Facility Hire		21	9
Leaseback fees - council vehicles		33	36
Total other lease income		188	168
Total rental income	C2-2	188	168
Total other income		220	168

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	20,163	18,476
Employee leave entitlements (ELE)	1,812	2,286
Superannuation	2,276	1,853
Workers' compensation insurance	706	695
Fringe benefit tax (FBT)	5	24
Other	235	189
Total employee costs	25,197	23,523
Less: capitalised costs	(1,291)	(999)
Total employee costs expensed	23,906	22,524

Accounting policy

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

Retirement benefit obligations

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.

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		14,891	13,065
Contractor and consultancy costs		2,815	2,652
Development consultants		131	143
Audit Fees	F2-1	143	125
Councillor and Mayoral fees and associated expenses	F1-2	456	367
Advertising		75	77
Bank charges		43	38
Computer software charges		857	823
Electricity and heating		803	819
Insurance		1,087	1,008
Printing and stationery		58	79
Street lighting		356	549
Subscriptions and publications		76	92
Telephone and communications		289	233
Travel expenses		7	5
Training costs (other than salaries and wages)		383	362
Other expenses		200	141
Gym and Swim management fee		331	449
MTW Historical Heritage Conservation Fund		9	12
Repairs		866	1,337
Computers		–	1
Legal expenses:			
– Legal expenses: planning and development		412	47
– Legal expenses: debt recovery		64	40
– Legal expenses: other		70	28
Expenses from leases of low value assets		24	35
Variable lease expense relating to usage		4	4
Total materials and services		24,450	22,531
Total materials and services		24,450	22,531

Accounting policy

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

B3-3 Borrowing costs

	Notes	2022 \$ '000	2021 \$ '000
(i) Interest bearing liability costs			
Interest on leases		40	25
Interest on loans		401	317
Total interest bearing liability costs		441	342
Total interest bearing liability costs expensed		441	342
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	223	182
Total other borrowing costs		223	182
Total borrowing costs expensed		664	524

Accounting policy

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

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		1,041	1,060
Office equipment		8	8
Furniture and fittings		50	51
Land improvements (depreciable)		62	116
Infrastructure:	C1-6		
– Buildings		1,001	979
– Other structures		153	206
– Roads, bridges and footpaths, other road assets		3,755	3,730
– Bridges		465	460
– Footpaths		97	92
– Other road assets		212	209
– Stormwater drainage		909	904
– Water supply network		2,578	2,449
– Sewerage network		1,274	1,154
– Swimming pools		62	61
– Other open space/recreational assets		1,587	772
Right of use assets	C2-1	496	525
Other assets:			
– Library books		56	66
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-6	306	306
Total gross depreciation and amortisation costs		14,112	13,148
Less: capitalised costs		(6)	–
Total depreciation and amortisation costs		14,106	13,148
Total depreciation, amortisation and impairment for non-financial assets		14,106	13,148

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in E2-1 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Council has had no impairments during the reporting year.

B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
Impairment of receivables			
Other		20	(25)
Total impairment of receivables	C1-4	20	(25)
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	476
Total Fair value decrement on investments	C1-2	–	476
Other			
Contributions/levies to other levels of government			
Donations, contributions and assistance to other organisations (Section 356)		1,388	234
– Department of planning levy		90	72
– Emergency services levy (includes FRNSW, SES, and RFS levies)		703	941
– Waste levy		1,117	1,359
Total other		3,298	2,606
Total other expenses		3,318	3,107

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2022 \$ '000	2021 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		258	255
Less: carrying amount of plant and equipment assets sold/written off		(54)	(119)
Gain (or loss) on disposal		204	136
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure assets		–	12
Less: carrying amount of infrastructure assets sold/written off		(2,568)	(1,493)
Gain (or loss) on disposal		(2,568)	(1,481)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		5,778	5,055
Less: carrying amount of real estate assets sold/written off		(4,925)	(3,968)
Gain (or loss) on disposal		853	1,087
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		53,782	69,588
Less: carrying amount of investments sold/redeemed/matured		(53,782)	(69,588)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(1,511)	(258)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 17 May 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 Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Income				
Rates and annual charges	33,311	33,559	248	1% F
User charges and fees	16,787	18,244	1,457	9% F
Additional road maintenance and ordered works of \$1.6m and higher tipping fees of \$414k offset lower total water sales of \$334k and childcare fees of \$259k contributed to the positive variance.				
Other revenues	329	764	435	132% F
There were higher insurance claim monies received, legal recoveries and a risk management bonus although offset by lower receipts for fines and other charges for overdue rates all accounted for a favourable variance.				
Operating grants and contributions	9,152	11,559	2,407	26% F
A 75% allocation of the 2022-2023 Financial Assistance Grant was received which is \$1.4m more than expected; and grant funding of \$1m for the March 2022 flood was received and not originally budgeted.				
Capital grants and contributions	6,392	12,266	5,874	92% F
Developer provided assets and contributions accounted for \$2.2m of the increase; Rural Fire Service funding of \$1.1m of plant items received by the RFS; Local Roads & Community Infrastructure, Arts & Culture Centre final claim greater than original budget and no Resources for Regions or Specific Purpose grants for Community Centres were budgeted although \$1.8m was received; other Specific Purpose grant funding for Pedestrian Safety Around Schools, Broke Shared pathway and more drought funding amounted to \$739k received and not included in original 2021-2022 budget.				
Interest and investment revenue	1,306	1,654	348	27% F
Council had a larger investment portfolio balance to invest due to additional grant funding and timing of capital works. The interest yields achieved were above the Bloomberg Bond Benchmark throughout the year.				
Net gains from disposal of assets	300	–	(300)	(100)% U
There was a gain on the disposal of plant and equipment of \$258k and a gain on the sale of Bridgman Ridge Estate land of \$853k, however, the loss on disposal of infrastructure assets of \$2.6m netted this a total loss on disposal of assets of \$1.5m, which is accounted for below.				
Other income	277	220	(57)	(21)% U
Rental income for Council buildings were lower than anticipated. A review of the current leases will be undertaken during the new financial year. There were also lower leaseback receipts due to fewer employees with leaseback arrangements throughout Council.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	21,080	23,906	(2,826)	(13)% U
Salaries and wages were higher than expected while the amount recovered to capital projects was lower. COVID-19 restrictions, rainfall and multiple floods contributed to less capital expenditure than budgeted. The exiting of a small number of personnel under COVID-19 protocols and a small increase in staff numbers also contributed to higher costs.				
Materials and services	20,665	24,450	(3,785)	(18)% U
Ordered Works from Transport NSW increased significantly for road maintenance due to the flooding over the past 12 months, this accounted for \$1.3m; however, was offset by \$1.6m in additional revenue; higher net waste expenditure of \$618k for leachate disposal; and legal expenses of \$390k due to an ongoing planning matter.				
Borrowing costs	770	664	106	14% F
Lower borrowing expenses were due to the timing of \$7.793m in loans drawn down through the year and \$1.748m less in loans not raised although they were budgeted for.				
Depreciation, amortisation and impairment of non-financial assets	14,734	14,106	628	4% F
Other expenses	2,314	3,318	(1,004)	(43)% U
Emergency management expenses increased significantly as a result of the COVID-19 pandemic and three floods partially, offset by a lower emergency services levy; higher waste levy due to higher volumes of waste through the waste management facility.				
Net losses from disposal of assets	–	1,511	(1,511)	∞ U
Major asset disposal included: John Street Stage 2, Broke and Glendon Roads, Civic Administration Building Roof replacement and Library ceiling and lighting replacements. The total loss on disposal of infrastructure assets was \$2.6m, offset by gains from plant and equipment and land development sales of \$1.1m.				
Statement of cash flows				
Cash flows from operating activities	22,492	23,679	1,187	5% F
Higher user charges and fees; more grants and contributions and land development sales was offset by higher expenditure for payments to employees; materials and services and emergency management services contributed to a slightly favourable cash flow from operating activities.				
Cash flows from investing activities	(29,043)	(33,424)	(4,381)	15% U
There were more monies spent on the purchase of investments, payments of Infrastructure, Property, Plant & Equipment and the cost of land held for resale than the total of investment sales, land development of Bridgman Ridge Estate and proceeds from the sale of Infrastructure, Property, Plant & Equipment.				
Cash flows from financing activities	6,646	4,605	(2,041)	(31)% U
The were lower borrowings of \$7.793m compared to \$9.541m in the original budget and therefore lower borrowing repayments, offset by slightly higher lease payments for communications and information technology lease renewals. The negative variance is due to less cash coming in from borrowings.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash on hand and at bank	394	1,338
Cash equivalent assets		
– Deposits at call	5,260	9,456
Total cash and cash equivalents	5,654	10,794

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,654	10,794
Balance as per the Statement of Cash Flows	5,654	10,794

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 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	29,000	26,500	27,000	26,000
NCD's, FRN's (with maturities > 3 months)	63,500	–	56,200	–
Total	92,500	26,500	83,200	26,000
Total financial investments	92,500	26,500	83,200	26,000
Total cash assets, cash equivalents and investments	98,154	26,500	93,994	26,000

Accounting policy

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of FRNs and NCDs in the Statement of Financial Position.

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

	2022 \$ '000	2021 \$ '000
--	-----------------	-----------------

(a) Externally restricted cash,
cash equivalents and
investments

Total cash, cash equivalents and investments	124,654	119,994
Less: Externally restricted cash, cash equivalents and investments	(84,179)	(78,366)
Cash, cash equivalents and investments not subject to external restrictions	40,475	41,628

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended loans – general	459	2,866
Specific purpose unexpended loans – water	1,864	86
Specific purpose unexpended loans – sewer	3,071	370
Specific purpose unexpended grants – general fund	1,136	1,560
External restrictions – included in liabilities	6,530	4,882

External restrictions – other

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

Developer contributions – general	2,726	2,621
Developer contributions – water fund	7,231	7,267
Developer contributions – sewer fund	3,910	3,947
Specific purpose unexpended grants (recognised as revenue) – general fund	4,680	3,135
Water fund	30,371	28,837
Employee leave entitlements – water	250	263
Sewer fund	19,306	18,228
Employee leave entitlements – sewer	304	308
Stormwater management	375	304
Domestic waste management	8,000	8,176
Mt Thorley Warkworth Historic Heritage Conservation Fund	496	398
External restrictions – other	77,649	73,484
Total external restrictions	84,179	78,366

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

	2022 \$ '000	2021 \$ '000
--	-----------------	-----------------

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	40,475	41,628
Less: Internally restricted cash, cash equivalents and investments	(40,228)	(41,472)
Unrestricted and unallocated cash, cash equivalents and investments	247	156

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

	2022 \$ '000	2021 \$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	380	282
Employees leave entitlement	—	920
Carbon pricing	—	138
Contributions	102	200
Financial assistance grant	3,706	2,110
Interest on unexpended loans	—	57
Land bank development	121	405
Land development (developer cont.)	706	835
Local government elections	—	145
Ravensworth VPA	—	236
Roads and bridges	—	730
Rural fire services	183	174
Section 355 committees	74	73
Section 94 plan revision	63	42
Sedgefield cemetery	371	329
Tidy towns	52	43
Uncompleted works	1,234	1,208
Mt Owen VPA	20	—
Liddell VPA	108	135
Mt Thorley Warkworth VPA	3,430	3,269
Bulga Coal VPA	—	320
United Collieries VPA	1,265	1,325
Workplace Health & Safety	78	—
Singleton Legacy Fund:		
Community Economic Development Fund	5,903	5,133
Roads Fund	22,432	23,363
Total internal allocations	40,228	41,472
Unrestricted	247	156

The Financial Statements have been prepared on a going concern basis, which assumes Council will be able to meet its debts and other financial obligations as they fall due.

Council works to achieve the following:

- maintaining a positive unrestricted cash and investment position;
- implements strategies to contain materials and contracts expenditure;
- continually reviews assets performance;
- continually reviews opportunities for additional revenues; Council's forecast ten year long term financial plan is based on an expect of receiving the standard rate peg of 2% each year.

C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	705	262	728	170
Interest and extra charges	153	17	155	9
User charges and fees	2,144	—	1,964	—
Private works	5	—	5	—
Accrued revenues				
– Interest on investments	419	—	554	—
Deferred debtors	—	13	—	13
Government grants and subsidies	3,333	—	1,893	—
Net GST receivable	519	—	493	—
Rent – council properties	5	—	1	—
Road/bridge maintenance contributions	100	—	58	—
Other debtors	1,534	—	702	—
Total	8,917	292	6,553	192
Less: provision for impairment				
Rates and annual charges	(6)	—	(7)	—
User charges and fees	(59)	—	(129)	—
Total provision for impairment – receivables	(65)	—	(136)	—
Total net receivables	8,852	292	6,417	192

	2022 \$ '000	2021 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	136	191
+ Movement in expected credit loss	20	(25)
– amounts already provided for and written off this year	(91)	(30)
Balance at the end of the year	65	136

C1-4 Receivables (continued)

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over one year past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	4,696	–	4,713	–
Stores and materials	252	–	205	–
Total inventories at cost	4,948	–	4,918	–
Total inventories	4,948	–	4,918	–

(i) Other disclosures

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Notes				
(a) Details for real estate development				
Residential	3,929	–	3,946	–
Industrial/commercial	767	–	767	–
Total real estate for resale	4,696	–	4,713	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	3,504	–	3,413	–
Development costs	1,071	–	1,122	–
Borrowing costs	12	–	14	–
Other holding costs	109	–	164	–
Total costs	4,696	–	4,713	–
Total real estate for resale	4,696	–	4,713	–
Movements:				
Real estate assets at beginning of the year	4,713	–	4,729	–
– Purchases and other costs	4,908	–	3,952	–
– WDV of sales (expense)	(4,925)	–	(3,968)	–
Total real estate for resale	4,696	–	4,713	–

(b) Current inventories not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2022 \$ '000	2021 \$ '000
Real estate for resale	4,908	3,962
	4,908	3,962

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-5 Inventories (continued)

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	25,466	–	25,466	9,021	1,140	–	–	(12,452)	–	23,175	–	23,175
Plant and equipment	16,361	(11,983)	4,378	1,568	790	(53)	(1,041)	–	–	16,305	(10,663)	5,642
Office equipment	762	(733)	29	–	–	–	(8)	–	–	733	(712)	21
Furniture and fittings	1,824	(1,631)	193	–	–	–	(50)	–	–	1,823	(1,680)	143
Land:												
– Operational land	19,590	–	19,590	–	–	–	–	–	2,919	22,509	–	22,509
– Community land	14,144	–	14,144	–	–	–	–	–	2,107	16,251	–	16,251
– Land under roads (post 30/6/08)	8	–	8	–	8	–	–	–	–	16	–	16
Land improvements – non-depreciable	2,598	–	2,598	–	129	–	–	–	–	2,727	–	2,727
Land improvements – depreciable	2,417	(864)	1,553	–	–	(12)	(62)	–	–	2,393	(914)	1,479
Infrastructure:												
– Buildings	70,306	(14,118)	56,188	1,650	2,766	(957)	(1,001)	2,351	7,025	84,779	(16,757)	68,022
– Other structures	7,175	(2,829)	4,346	377	–	–	(153)	–	275	8,007	(3,162)	4,845
– Roads	289,015	(85,668)	203,347	1,435	1,224	(845)	(3,755)	1,464	17,969	317,668	(96,829)	220,839
– Bridges	64,616	(23,467)	41,149	24	–	(27)	(465)	8	3,662	70,343	(25,992)	44,351
– Footpaths	13,125	(3,146)	9,979	965	252	(257)	(97)	1,966	872	16,814	(3,134)	13,680
– Other road assets (including bulk earthworks)	18,055	(4,023)	14,032	259	–	(14)	(212)	376	1,238	20,278	(4,599)	15,679
– Bulk earthworks (non-depreciable)	250,164	–	250,164	–	974	(17)	–	–	22,539	273,660	–	273,660
– Stormwater drainage	124,251	(23,727)	100,524	753	–	(306)	(909)	1,576	8,932	137,332	(26,762)	110,570
– Water supply network	172,019	(77,598)	94,421	373	–	–	(2,578)	2,960	4,636	169,347	(69,535)	99,812
– Sewerage network	85,867	(33,580)	52,287	156	16	–	(1,274)	–	1,672	89,442	(36,585)	52,857
– Swimming pools	4,609	(1,108)	3,501	–	–	–	(62)	–	309	5,023	(1,275)	3,748
– Other open space/recreational assets	38,254	(17,553)	20,701	2,267	431	(132)	(1,587)	1,751	1,617	45,679	(20,631)	25,048
Other assets:												
– Library books	812	(536)	276	62	–	–	(56)	–	–	874	(592)	282
– Art collection	426	–	426	–	–	–	–	–	–	426	–	426
Reinstatement, rehabilitation and restoration assets (refer C3-5):												
– Tip assets	17,699	(3,639)	14,060	–	–	–	(306)	–	–	17,699	(3,945)	13,754
Total infrastructure, property, plant and equipment	1,239,563	(306,203)	933,360	18,910	7,730	(2,620)	(13,616)	–	75,772	1,343,303	(323,767)	1,019,536

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020					Asset movements during the reporting period					At 30 June 2021	
	Gross carrying amount \$'000	Accumulated depreciation and impairment \$'000	Net carrying amount \$'000	Additions renewals ¹ \$'000	Additions new assets \$'000	Carrying value of disposals \$'000	Depreciation expense \$'000	WIP transfers \$'000	Revaluation increments to equity (ARR) \$'000	Gross carrying amount \$'000	Accumulated depreciation and impairment \$'000	Net carrying amount \$'000
Capital work in progress	13,018	–	13,018	7,574	9,766	–	–	(4,892)	–	25,466	–	25,466
Plant and equipment	16,307	(11,391)	4,916	612	–	(90)	(1,060)	–	–	16,361	(11,983)	4,378
Office equipment	762	(725)	37	–	–	–	(8)	–	–	762	(733)	29
Furniture and fittings	1,823	(1,579)	244	–	–	–	(51)	–	–	1,824	(1,631)	193
Land:												
– Operational land	19,590	–	19,590	–	–	–	–	–	–	19,590	–	19,590
– Community land	14,147	–	14,147	–	–	(3)	–	–	–	14,144	–	14,144
– Land under roads (post 30/6/08)	8	–	8	–	–	–	–	–	–	8	–	8
Land improvements – non-depreciable	2,598	–	2,598	–	–	–	–	–	–	2,598	–	2,598
Land improvements – depreciable	3,789	(2,336)	1,453	110	–	(39)	(116)	–	145	2,417	(864)	1,553
Infrastructure:												
– Buildings	68,006	(13,253)	54,753	900	1,551	(160)	(979)	142	(19)	70,306	(14,118)	56,188
– Other structures	11,954	(3,360)	8,594	98	96	(320)	(206)	–	(3,916)	7,175	(2,829)	4,346
– Roads	287,175	(82,766)	204,409	2,401	–	(256)	(3,729)	522	–	289,015	(85,668)	203,347
– Bridges	64,524	(23,084)	41,440	188	–	(19)	(460)	–	–	64,616	(23,467)	41,149
– Footpaths	12,954	(3,051)	9,903	123	40	–	(92)	–	5	13,125	(3,146)	9,979
– Other road assets (including bulk earthworks)	17,770	(4,000)	13,770	515	17	(6)	(209)	–	(55)	18,055	(4,023)	14,032
– Bulk earthworks (non-depreciable)	249,101	–	249,101	1,511	–	(448)	–	–	–	250,164	–	250,164
– Stormwater drainage	122,600	(22,818)	99,782	1,655	–	–	(904)	–	(9)	124,251	(23,727)	100,524
– Water supply network	164,401	(74,773)	89,628	3,746	178	(56)	(2,449)	2,513	861	172,019	(77,598)	94,421
– Sewerage network	80,244	(32,325)	47,919	3,572	7	(39)	(1,154)	1,505	477	85,867	(33,580)	52,287
– Swimming pools	4,597	(1,047)	3,550	12	–	–	(61)	–	–	4,609	(1,108)	3,501
– Other open space/recreational assets	28,492	(14,888)	13,604	508	95	(148)	(773)	210	7,205	38,254	(17,553)	20,701
Other assets:												
– Library books	865	(544)	321	50	–	(29)	(66)	–	–	812	(536)	276
– Art collection	426	–	426	–	–	–	–	–	–	426	–	426
Reinstatement, rehabilitation and restoration assets (refer C3-5):												
– Tip assets	17,699	(3,333)	14,366	–	–	–	(306)	–	–	17,699	(3,639)	14,060
Total infrastructure, property, plant and equipment	1,202,850	(295,273)	907,577	23,575	11,750	(1,613)	(12,623)	–	4,694	1,239,563	(306,203)	933,360

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

continued on next page ...

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	10 to 25
Office furniture	10 to 20	Benches, seats etc.	15 to 100
Vehicles	5	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	30 to 180
Other plant and equipment	5 to 10	Buildings: other	10 to 110
Water and sewer assets		Stormwater assets	
Dams and reservoirs	40 to 100	Drains	80 to 115
Bores	60	Culverts	70 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	50 to 80
Reticulation pipes: other	25 to 140		
Pumps and telemetry	10 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	60 to 120	Swimming pools	35 to 50
Unsealed roads	20 to 30	Unsealed roads	45 to 85
Bridge: concrete	80 to 185	Other open space/recreational assets	20 to 120
Bridge: other	50 to 100	Other infrastructure	20 to 50
Road pavements	60		
Kerb, gutter and footpaths	37 to 100		

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

C1-6 Infrastructure, property, plant and equipment (continued)

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

C1-7 Other

Other assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepayments	178	–	139	–
Total other assets	178	–	139	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including IT equipment, Desktop Telephones, Landfill Compactor and Gym Equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Other - Gym Equipment

Council has a lease for Gym Equipment for five years that will expire in 2026.

Remediation asset (Tip asset)

Council leases a Landfill Compactor for remediation purposes. The current lease arrangement is for a period of seven years and will end in 2028.

Office and IT equipment

Council leases the majority of its IT equipment, multifunctional printing devices, telephone system and web streaming equipment for council meetings. The leases vary in years, the payments are fixed, however, one lease for multifunctional printing devices for the Rural Fire Service does include variable payments based on usage.

A new multifunctional printing device lease was commenced in February 2022 and will expire in 2025. An IT Equipment lease was also renewed as old equipment was replaced.

(a) Right of use assets

	Leased Office Equipment \$ '000	Leased Remediation Asset \$ '000	Other - Gym Equipment \$ '000	Total \$ '000
2022				
Opening balance at 1 July	782	963	244	1,989
Additions to right-of-use assets	380	—	—	380
Adjustments to right-of-use assets due to re-measurement of lease liability	166	—	—	166
Depreciation charge	(323)	(130)	(43)	(496)
Other movement	—	(1)	—	(1)
Balance at 30 June	1,005	833	201	2,039
2021				
Opening balance at 1 July	2,033	77	—	2,110
Additions to right-of-use assets	—	979	258	1,237
Adjustments to right-of-use assets due to re-measurement of lease liability	(833)	—	—	(833)
Depreciation charge	(418)	(93)	(14)	(525)
Balance at 30 June	782	963	244	1,989

C2-1 Council as a lessee (continued)

(b) Lease liabilities

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Lease liabilities	554	1,130	595	1,371
Total lease liabilities	554	1,130	595	1,371

(c) (i) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2022					
Cash flows	585	997	185	1,767	1,684
2021					
Cash flows	630	1,085	357	2,072	1,966

(ii) Lease liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Waste (Landfill Compactor)	135	697	132	832
Lease liabilities relating to externally restricted assets	135	697	132	832
Total lease liabilities relating to restricted assets	135	697	132	832
Total lease liabilities relating to unrestricted assets	419	433	463	539
Total lease liabilities	554	1,130	595	1,371

C2-1 Council as a lessee (continued)

(d) Income Statement

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

	2022 \$ '000	2021 \$ '000
Interest on lease liabilities	40	25
Variable lease payments based on usage not included in the measurement of lease liabilities	4	11
Depreciation of right of use assets	496	525
Expenses relating to low-value leases	24	28
	564	589

(e) Statement of Cash Flows

Total cash outflow for leases	744	617
	744	617

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and buildings to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2022 \$ '000	2021 \$ '000
Other	78	24
Total repairs and maintenance to operating leases	78	24
Lease income (excluding variable lease payments not dependent on an index or rate)	188	168
Total income relating to operating leases for Council assets	188	168
Other leased assets expenses		
Other	120	141
Total expenses relating to other leases assets	120	141

C2-2 Council as a lessor (continued)

Reconciliation of IPPE assets leased out as operating leases

	Leased Buildings 2022 \$ '000	Leased Buildings 2021 \$ '000	Rental House 2022 \$ '000	Rental House 2021 \$ '000	Leased Land 2022 \$ '000	Leased Land 2021 \$ '000	Other Rental Property 2022 \$ '000	Other Rental Property 2021 \$ '000
Opening balance as at 1 July	3,867	4,766	557	688	261	261	11,267	11,442
Depreciation expense	(45)	(45)	(6)	(7)	–	–	(151)	(175)
Impairment loss/revaluation decrements (recognised in P/L)	–	–	–	(124)	–	–	–	–
Other movement - removal of assets no longer leased (189 John Street, Singleton)	–	(854)	–	–	–	–	–	–
Closing balance as at 30 June	3,822	3,867	551	557	261	261	11,116	11,267

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Payables				
Interest on leases	3	–	3	–
Prepaid water charges	182	–	165	–
Prepaid rates	714	–	566	–
Goods and services – operating expenditure	5,497	–	4,710	–
Accrued expenses:				
– Salaries and wages	940	–	818	322
– Other expenditure accruals	1,407	–	30	–
Security bonds, deposits and retentions	770	–	325	–
Total payables	9,513	–	6,617	322

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

	2022 \$ '000	2021 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	107	237
Total payables	107	237

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

		2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	522	—	1,559	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	615	—	—	—
Total grants received in advance		1,137	—	1,559	—
User fees and charges received in advance:					
Upfront fees	(iii)	247	—	157	—
Total user fees and charges received in advance		247	—	157	—
Total contract liabilities		1,384	—	1,716	—

Notes

(i) Council has received funding for the following projects:

Project	\$'000
Library Project	\$205
Civic Centre Courtyard Beautification	\$154
Sport Fields Floodlight Improvement	\$163
Total	\$522

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) Council has received funding for the following projects:

Project	\$'000
Faster Local Assessment Grant Program	\$250
Preparing Australian Communities Local Stream Grant	\$200
Black Summer Bushfire Grant Local Stream - Equipment and Signage	\$120
Black Summer Bushfire Grant Local Stream - Mobile Phone Boosters	\$45
Total	\$615

(iii) Upfront fees for camping, childcare and development applications, do not meet the definition of a performance obligation and therefore the funds are recorded as a contract liability on receipt and recognised as revenue as control of goods or services are transferred.

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

	2022 \$ '000	2021 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,038	328
User fees and charges received in advance:		
Childcare fees and Development Application fees	155	63
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,193	391

C3-2 Contract Liabilities (continued)

Accounting policy

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

C3-3 Borrowings

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – secured ¹	2,343	13,936	1,921	8,925
Total borrowings	2,343	13,936	1,921	8,925

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	10,846	(2,360)	7,793	–	–	–	16,279
Lease liability (Note C2-1b)	1,966	(663)	381	–	–	–	1,684
Total liabilities from financing activities	12,812	(3,023)	8,174	–	–	–	17,963

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	10,112	(1,677)	2,411	–	–	–	10,846
Lease liability (Note C2-1b)	2,130	(617)	453	–	–	–	1,966
Total liabilities from financing activities	12,242	(2,294)	2,864	–	–	–	12,812

C3-3 Borrowings (continued)

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	200	100
Total financing arrangements	1,200	1,100
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	200	100
Total undrawn financing arrangements	1,200	1,100

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Accounting policy

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

C3-4 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	2,206	–	1,997	–
Long service leave	2,474	238	2,996	333
Total employee benefit provisions	4,680	238	4,993	333

Current employee benefit provisions not anticipated to be settled within the next twelve months

	2022 \$ '000	2021 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,641	2,944
	2,641	2,944

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2022			
At beginning of year	1,997	3,329	5,326
Other	209	(617)	(408)
Total ELE provisions at end of year	2,206	2,712	4,918
2021			
At beginning of year	1,778	2,462	4,240
Other	219	867	1,086
Total ELE provisions at end of year	1,997	3,329	5,326

Accounting policy

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual leave are 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

C3-4 Employee benefit provisions (continued)

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	21,031	–	20,809
Sub-total – asset remediation/restoration	–	21,031	–	20,809
Total provisions	–	21,031	–	20,809

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2022		
At beginning of year	20,809	20,809
Other	222	222
Total other provisions at end of year	21,031	21,031
2021		
At beginning of year	20,627	20,627
Other	182	182
Total other provisions at end of year	20,809	20,809

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Council waste management facility.

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 interest expense.

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

C3-5 Provisions (continued)

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	27,728	1,597	4,234
User charges and fees	11,442	5,727	1,075
Interest and investment revenue	780	544	330
Other revenues	673	72	19
Grants and contributions provided for operating purposes	11,379	89	91
Grants and contributions provided for capital purposes	12,266	—	—
Net gains from disposal of assets	—	—	14
Other income	220	—	—
Total income from continuing operations	64,488	8,029	5,763
Expenses from continuing operations			
Employee benefits and on-costs	21,448	1,156	1,302
Materials and services	19,684	3,110	1,656
Borrowing costs	553	44	67
Depreciation, amortisation and impairment of non-financial assets	9,937	2,786	1,383
Other expenses	3,321	(2)	(1)
Net losses from the disposal of assets	1,494	—	31
Total expenses from continuing operations	56,437	7,094	4,438
Operating result from continuing operations	8,051	935	1,325
Net operating result for the year	8,051	935	1,325
Net operating result attributable to each council fund	8,051	935	1,325
Net operating result for the year before grants and contributions provided for capital purposes	(4,215)	935	1,325

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	5,654	—	—
Investments	42,154	31,773	21,273
Receivables	6,910	1,596	346
Inventories	4,948	—	—
Other	178	—	—
Total current assets	59,844	33,369	21,619
Non-current assets			
Investments	10,539	7,943	5,318
Receivables	292	—	—
Infrastructure, property, plant and equipment	848,655	109,790	61,091
Right of use assets	2,039	—	—
Total non-current assets	861,525	117,733	66,409
Total assets	921,369	151,102	88,028
LIABILITIES			
Current liabilities			
Payables	9,331	182	—
Contract liabilities	1,384	—	—
Lease liabilities	554	—	—
Borrowings	1,691	255	397
Employee benefit provision	4,143	242	295
Total current liabilities	17,103	679	692
Non-current liabilities			
Lease liabilities	1,130	—	—
Borrowings	7,401	2,867	3,668
Employee benefit provision	221	8	9
Provisions	21,031	—	—
Total non-current liabilities	29,783	2,875	3,677
Total liabilities	46,886	3,554	4,369
Net assets	874,483	147,548	83,659
EQUITY			
Accumulated surplus	430,595	65,777	49,252
Revaluation reserves	443,888	81,771	34,407
Council equity interest	874,483	147,548	83,659
Total equity	874,483	147,548	83,659

D2 Interests in other entities

D2-1 Subsidiaries

Council no longer includes in the consolidated financial statements the assets, liabilities and results of Arrow Collaborative Services Limited. Council's ownership and voting rights are below 20%. Council has assessed fair value in accordance with

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

	Council's share of net assets	
	2022	2021
	\$ '000	\$ '000
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	–	200
Total net share of interests in joint ventures and associates using the equity method – assets	–	200
Total Council's share of net assets	–	200

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 \$ '000	Fair value 2021 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,654	10,794	5,654	10,794
Receivables	9,144	6,609	9,144	6,609
Investments				
– Debt securities at amortised cost	119,000	109,200	119,000	109,200
Total financial assets	133,798	126,603	133,798	126,603
Financial liabilities				
Payables	9,513	6,939	9,513	6,939
Loans/advances	16,279	10,846	16,279	10,846
Total financial liabilities	25,792	17,785	25,792	17,785

Fair value is determined as follows:

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

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

Council's Finance Team manages the cash and investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

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

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,247	1,200
Impact of a 10% movement in price of investments		
– Equity / Income Statement	6,563	5,520

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

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts, that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2022				
Gross carrying amount	–	967	–	967
2021				
Gross carrying amount	–	898	–	898

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2022						
Gross carrying amount	7,859	265	15	32	71	8,242
Expected loss rate (%)	0.08%	2.10%	12.10%	29.10%	51.10%	0.72%
ECL provision	6	6	2	9	36	59
2021						
Gross carrying amount	5,177	339	186	–	145	5,847
Expected loss rate (%)	0.25%	4.00%	14.00%	31.00%	53.00%	2.21%
ECL provision	13	14	26	–	77	130

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

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022							
Borrowings	2.57%	–	2,372	8,978	4,929	16,279	16,279
Payables	0.00%	770	8,743	–	–	9,513	9,513
Total financial liabilities		770	11,115	8,978	4,929	25,792	25,792
2021							
Borrowings	3.02%	–	1,921	6,092	2,833	10,846	10,846
Payables	0.00%	325	5,986	–	–	6,311	6,373
Total financial liabilities		325	7,907	6,092	2,833	17,157	17,219

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment		Various	Various	—	—	5,642	4,378	5,642	4,378
Office equipment		Various	Various	—	—	21	29	21	29
Furniture and fittings		Various	Various	—	—	143	193	143	193
Land – operational		30/06/22	30/06/20	—	—	22,509	19,590	22,509	19,590
Land – community		30/06/22	30/06/18	—	—	16,251	14,144	16,251	14,144
Land under roads		30/06/22	30/06/17	—	—	16	8	16	8
Non depreciable land improvements		30/06/21	30/06/21	—	—	2,727	2,598	2,727	2,598
Depreciable land improvements		30/06/21	30/06/21	—	—	1,479	1,553	1,479	1,553
Buildings		30/06/22	30/06/18	—	—	68,022	56,188	68,022	56,188
Other structures		30/06/22	30/06/21	—	—	4,845	4,346	4,845	4,346
Roads		30/06/22	30/06/20	—	—	220,839	203,347	220,839	203,347
Bridges		30/06/22	30/06/20	—	—	44,351	41,149	44,351	41,149
Footpaths		30/06/22	30/06/20	—	—	13,680	9,979	13,680	9,979
Other road assets		30/06/22	30/06/20	—	—	15,679	14,032	15,679	14,032
Bulk earthworks (non deprec.)		30/06/22	30/06/20	—	—	273,660	250,164	273,660	250,164
Stormwater drainage		30/06/22	30/06/20	—	—	110,570	100,524	110,570	100,524
Water supply network		30/06/22	30/06/20	—	—	99,812	94,421	99,812	94,421
Sewerage network		30/06/22	30/06/20	—	—	52,857	52,287	52,857	52,287
Swimming Pools		30/06/22	30/06/18	—	—	3,748	3,501	3,748	3,501
Other open space/recreational assets		30/06/22	30/06/21	—	—	25,048	20,701	25,048	20,701
Library books		Various	Various	—	—	282	276	282	276
Art Collection		30/06/18	30/06/18	—	—	426	426	426	426
Tip asset		30/06/20	30/06/20	—	—	13,754	14,060	13,754	14,060
Total infrastructure, property, plant and equipment				—	—	996,361	907,894	996,361	907,894

Valuation techniques

Pre-amble

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

E2-1 Fair value measurement (continued)

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

Infrastructure, property, plant and equipment (IPPE)

Property, Plant & Equipment, Furniture & Fittings

Council's Plant & Equipment, Furniture Fittings Incorporates

- Major plants – Truck, tractors, street sweepers
- Fleet Vehicles - Cars, vans, utes etc.
- Minor Plant - Chainsaws, brush cutters, mowers, concrete mixers.
- Furniture & Fittings - Desks, chairs, display systems
- Items - Leases

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items as shown above.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Residual Value
- Gross replacement cost.

There has been no change to the valuation process during the reporting period.

Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council obtains its fair values for operational land from an external valuer every 5 years (last external valuation being 2018) using Level 3 inputs.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal

The unobservable Level 3 inputs used include:

- Rate per square Metre
- Description of Land

The 'Market Approach' is used to value Operational Land. Council applied an indexation rate of 14.9% as at 30 June 2022 based on Valuer General Commercial land values increase to account for significant increases in property values in 2022.

Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979) This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to Community Land the Office of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group; the Office has determined that community land may be valued as follows.

E2-1 Fair value measurement (continued)

- The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV(Unimproved Capital Value) provided by the Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV. The last valuation undertaken was base dated 1 July 2016.

The 'Market Approach' is used to value Community Land. Council applied an indexation rate of 14.9% 30 June 2022 based on Valuer General Commercial land values increase to account for significant increases in property values in 2022.

Land Improvements

Council's Land improvements incorporates: Land reserves, Gardens, Grass/turf mulch

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- Gross replacement cost
- Asset Condition
- Residual value
- Remaining useful life

The cost approach is used to value the land improvements. There has been no change to the valuation process during the reporting period.

Property- Buildings (Specialised and non-Specialised)

Council Buildings incorporates Libraries, Public Amenities, Sporting Club Houses, Kiosks and Amenities, Depot Buildings and workshops, Community Centres and Rural Fire Service Buildings.

Council carries fair values building using level 3 inputs. Valuations are generally carried out by an external valuer, Scott Fullerton using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Buildings are physically inspected and unit although rates based on square meters could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value.

As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future Economic Benefits
- Condition
- Useful Life of an asset

The 'Cost Approach' is used to value specialised buildings. Council applied an indexation rate of 12.5% 30 June 2022 based on the June 2022 Consumer Price Index Building Construction rate to account for significant increases in construction costs in 2022.

Other Structures

Council's other structures incorporates the following classes of assets;

- Significant single assets such as playgrounds, floodlighting system irrigation Systems, tennis courts, tennis shelters, artificial turf playing surfaces etc. and
- Aggregated lower value assets such as recreational / park infrastructures (picnic tables, seats, bollards, fences BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are under taken by Council Staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition

E2-1 Fair value measurement (continued)

• Residual value

The 'Cost Approach' is used to value other structures. Council applied an indexation rate of 9.0% 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Roads, Bridges & Footpaths

This asset class comprises the Road Carriageway, Bus Shelters, Car Parks, Guardrails, Kerb and Guttering, Bridges, Footpaths, and Traffic Facilities

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter, and would include any paved markers parking places along roadside.

Council's Asset Information Management System (AIMS) contains detailed dimensions and specification for all Council roads. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out in 2015 utilising the in house Asset Management System for detailed pavement information residing in Council's AIMS –

Council fair values, road infrastructure assets using, Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

The level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Work Engineers International Infrastructure Management Manual (IIMM)

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Remaining Life of Carriageway
- Gross Replacement Cost.

The 'Cost Approach' is used to value roads assets. Council applied an indexation rate of 9.0% 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Stormwater Drainage

Council's Drainage Assets comprises pits, pipes, culverts, open channels, headwalls and various type of water quality device used to collect, store and remove stormwater.

Council carries fair values drainages assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Asset Condition
- Gross Replacement Cost.

The 'Cost Approach' is used to value drainage assets. Council applied an indexation rate of 9.0% 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Water Supply Network

Council's water supply network comprises reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted

E2-1 Fair value measurement (continued)

significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Primary Industries Water.

Council's water supply network was externally revalued 30 June 2022.

Sewerage Supply Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Primary Industries Water.

Council's Sewer supply network was externally revalued 30 June 2022.

Other Assets

Council's Other Assets comprises library books, reference materials, CD's & DVD's and art collections. Council carries fair values of other assets using level 3 inputs.

Council library books are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Residual Value
- Gross Replacement Cost.

There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Plant, equipment, office equipment, furniture, fittings and library books

These assets are reported at depreciated historical cost. In light of the nature and value of Council plant and equipment, the Office of Local Government has stated that the fair value of these assets is unlikely to be materially different from depreciated historical cost.

There has been no change to the valuation process during the reporting period.

Operational Land

Operational land was last valued in 2020 by APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers have valued operational land by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers. Council applied an indexation rate of 14.9% as at 30 June 2022 based on Valuer General Commercial land values increase to account for significant increases in property values in 2022.

Community Land

Community land was last valued in 2018. Council staff carried out the valuation. Council staff determined the average unit value of land within the Singleton local government area using the Valuer General's valuations. Community land is subject to restrictions which the Valuer General has taken into account when applying discounts to the market price based on sales of similar assets.

Council applied an indexation rate of 14.9% as at 30 June 2022 based on Valuer General Commercial land values increase to account for significant increases in property values in 2022.

E2-1 Fair value measurement (continued)

Land Under Roads

Land under roads, that came into Council's control post 1 July 2008, was valued in 2022. Council staff determined the average unit value of land within the Singleton local government area using the Valuer General's valuations at 30 June 2022. Discount of 90% was applied to the average unit value to reflect restrictions placed on land under roads. There has been no change to the valuation process during the reporting period.

Buildings - Non Specialised

The last valuation was undertaken externally in 2018 by independent qualified valuers APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers have valued non-specialised buildings by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers.

Council applied an indexation rate of 12.5% as at 30 June 2022 based on the June 2022 Consumer Price Index Building Construction rate to account for significant increases in construction costs in 2022.

Buildings - Specialised and Swimming Pools

The last valuation was undertaken externally in 2018 by independent qualified valuers APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers & Asset Management have valued non-specialised buildings and swimming pools by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers.

Council applied an indexation rate of 12.5% as at 30 June 2022 based on the June 2022 Consumer Price Index Building Construction rate to account for significant increases in construction costs in 2022.

Infrastructure Assets

Roads and Bulk Earthworks

The last valuation was undertaken in 2020 using cost approach methodology with methodology being externally reviewed by APV Valuers & Asset Management. The valuation was undertaken in accordance with the NSW Office of Local Government's Guidelines, AASB13 and AASB1126 using cost-bases measurement.

Council applied an indexation rate of 9.0% as at 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Footpaths and Other Road Assets

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Council applied an indexation rate of 9.0% as at 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Bridges

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Council applied an indexation rate of 9.0% as at 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Stormwater Drainage

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Council applied an indexation rate of 9.0% as at 30 June 2022 based on the June 2022 Consumer Price Index Heavy Civil Construction rate to account for significant increases in construction costs in 2022.

Non Depreciable Land Improvements, Depreciable Land Improvements, Other structures and Other Open Space/Recreation Assets

The last valuation was undertaken in 2021 internally. The valuation was undertaken in accordance with the NSW Office of Local Government's Guidelines, AASB13 and AASB1126 using market-bases measurement.

E2-1 Fair value measurement (continued)

There has been no change to the valuation techniques during the reporting period.

Water Supply Network

The last valuation was undertaken in 2022 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Sewerage Supply Network

The last valuation was undertaken in 2022 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Art Collection

The last valuation was undertaken externally in 2018 by independent qualified valuers Hardy Fine Art. The Market Approach has been used to value this asset class. Hardy Fine Art have valued art works by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with Hardy Fine Art. There has been no change to the valuation techniques during the reporting period.

Reinstatement, rehabilitation and restoration assets - tip asset

The provision to rehabilitate Council's Tip Asset at the end of its life has been revalued in December 2020. A discount rate has been used to determine the present value of the estimated expenditure required to rehabilitate the tip asset at the end of its life.

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Furniture & Fittings	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Operational Land	Level 3	Price per square metre
Community Land	Level 3	Average Unit rate based on Unimproved capital value per square metre
Land Under Roads	Level 3	Price per square metre
Land Improvements	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Buildings	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Other Structures	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Roads	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Bridges	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Footpaths	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Road Assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Bulk Earthworks	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Stormwater Drainage	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Water Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Sewer Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Swimming Pools	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other open space/recreational assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition

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

	IPP&E	
	2022	2021
	\$ '000	\$ '000
Opening balance	907,894	894,559
Total gains or losses for the period		
Other movements		
Purchases (GBV)	28,931	22,877
Disposals (WDV)	(2,619)	(1,613)
Depreciation and impairment	(13,616)	(12,623)
Revaluation Increments	75,771	4,694
Closing balance	996,361	907,894

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There were no transfers in to or out of the Level 3 valuation hierarchy.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

AASB119 accounting observations

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

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

(a) Description of the funding arrangements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

(b) Description of the extent to which the Council can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

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

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

(c) Description of any agreed allocation of a deficit or surplus on

E3-1 Contingencies (continued)

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information :

(i) the fact that the plan is a defined benefit plan.

We confirm the plan is a defined benefit plan.

(ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan

See earlier section on " AASB119 accounting observations "

(iii) the expected contributions to the plan for the next annual reporting period.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$196,674.51. The last formal valuation of the Fund was undertaken by the Fund Actuary, Mr Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$48,176.88. Council's expected contribution to the plan for the next annual reporting period is \$137,756.28.

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Defined Benefit reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

* excluding other accumulation accounts and reserves in both assets and liabilities.

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

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

Investment return	5.5% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

E3-1 Contingencies (continued)

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2022 \$ '000	2021 \$ '000
Compensation:		
Short-term benefits	3,679	2,805
Post-employment benefits	347	285
Other long-term benefits	–	29
Total	4,026	3,119

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

F1-2 Councillor and Mayoral fees and associated expenses

	2022 \$ '000	2021 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' fees	196	203
Mayoral fee	45	44
Other Councillors' expenses (including Mayor)	215	120
Total	456	367

F1-3 Other related parties

	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022					
Legal Services Pty Ltd – legal services ¹	69	–	7 day account	–	–
Local Government Training Institute – training services ¹	33	–	7 day account	–	–
Hunter Council Inc.– training services ¹	–	–	7 day account	–	–
Hunter Resource Recovery – kerbside recycling service ¹	743	–	7 day account	–	–
Hunter Joint Organisation ¹	67	–	7 day account	–	–
2021					
Legal Services Pty Ltd – legal services ¹	31	–	7 day account	–	–
Local Government Training Institute – training services ¹	29	–	7 day account	–	–
Hunter Council Inc.– training services ¹	–	–	7 day account	–	–
Hunter Resource Recovery – kerbside recycling service ¹	590	–	7 day account	–	–
Hunter Joint Organisation ¹	21	–	7 day account	–	–

Arrow Collaborative Services Limited (formerly Strategic Services Australia Limited)

Council has an interest in Arrow Collaborative Services Limited, along with other member councils. The activities of the organisation are not controlled by any one Council. Arrow Collaborative Services has been established to improve the quality and efficiency of local government services through the Hunter.

Hunter Resource Recovery

Hunter Resource Recovery Pty Ltd (HRR) is the contract manager of kerbside collection, sorting and marketing of dry recyclables for Council. Singleton, Maitland, Cessnock and Lake Macquarie City Councils jointly own and operate the service.

(1) Entity of Arrow Collaborative Services

F2 Other relationships

F2-1 Audit fees

	2022 \$ '000	2021 \$ '000
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	95	86
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Remuneration for audit and other assurance services

	95	86
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Total Auditor-General remuneration

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other assurance services

	48	39
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Remuneration for audit and other assurance services

	48	39
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Total remuneration of non NSW Auditor-General audit firms

	143	125
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Total audit fees

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
Net operating result from Income Statement	10,311	15,394
Add / (less) non-cash items:		
Depreciation and amortisation	14,106	13,148
(Gain) / loss on disposal of assets	1,511	258
Non-cash capital grants and contributions	(1,852)	(2,739)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(32)	476
Unwinding of discount rates on reinstatement provisions	222	182
Share of net (profits)/losses of associates/joint ventures using the equity method	200	50
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,464)	1,055
Increase / (decrease) in provision for impairment of receivables	(71)	(55)
(Increase) / decrease of inventories	(47)	33
(Increase) / decrease of other current assets	(39)	33
Increase / (decrease) in payables	787	(150)
Increase / (decrease) in other accrued expenses payable	1,177	405
Increase / (decrease) in other liabilities	610	59
Increase / (decrease) in contract liabilities	(332)	1,325
Increase / (decrease) in employee benefit provision	(408)	1,086
Net cash flows from operating activities	23,679	30,560

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	2,924	2,739
Total non-cash investing and financing activities	2,924	2,739

G2-1 Commitments

Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
--	-----------------	-----------------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	243	1,727
Plant and equipment	–	1,504
Sewerage Assets	2,811	393
Water Assets	1,424	–
Roads and Bridges	3,488	584
Other Structures	1,063	2,137
Recreational Assets	127	–
Total commitments	9,156	6,345

These expenditures are payable as follows:

Within the next year	5,831	5,294
Later than one year and not later than 5 years	3,325	1,051
Total payable	9,156	6,345

Sources for funding of capital commitments:

Unrestricted general funds	219	–
Sect 64 and 94 funds/reserves	114	108
Unexpended grants	3,746	–
Externally restricted reserves	–	1,531
Internally restricted reserves	–	3,678
New loans (to be raised)	5,077	1,028
Total sources of funding	9,156	6,345

Details of capital commitments

Capital Commitments:

\$'000

Howe Park Field Renewal	127
IT WAN (Wide Area Network) Replacement	243
Sewer Treatment Plant (STP) Inlet Works Upgrade	2,811
Minimbah Reservoir	910
Glendonbrook Road Rehabilitation	464
Watermain Renewal Program 2021/2022	514
Hamiltons Crossing Rehabilitation and Causeway	675
Hungerford Bridge Replacement	83
Goorangoola Road 2.74km from Bridgman Road	576
Gibbs Bridge Replacement	846
Wayfinding Signage Implementation	368
Baileys Union Park	66
Howe Park and Cook 4 Lighting Upgrade	629
Putty Valley Road	843

Total **\$9,156**

G3-1 Events occurring after the reporting date

Council is aware of the following event occurring after the reporting date:

Natural Disaster:

The Singleton local government area experienced a major flood event over the period 5 - 8 July 2022.

The damage to Council's infrastructure has been largely to the road network. There are three major washouts and widespread road damage, including pot holes and breaking up of roads. Council is currently making immediate repairs to ensure the road network continues to operate as well as possible. Council is just beginning to assess the damage, which will enable the prioritising and design of permanent repairs. Council is confident all repairs will be able to be funded under disaster funding due to the Natural Disaster Declaration made by the NSW and Australian Governments on 7 July 2022. Further, Council is working with the NSW Government to repair the vulnerable parts of the road network to do a better state (than prior to the floods), again this will be funded by the NSW and Australian Governments. At this point it is impossible to assess the cost of the damage to the road network.

Damage to other infrastructure has been minor and has largely required some clean up work, which is being incorporated into normal maintenance by prioritising the work.

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '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	6	—	—	—	—	—	6	—
Roads	101	247	—	6	(6)	—	348	—
Parking	565	12	—	8	(62)	—	523	—
Open space	276	36	—	1	(266)	—	47	—
Community facilities	942	9	—	13	(76)	—	888	—
Bushfire facilities	682	208	—	13	(37)	—	866	—
Waste facilities	39	—	—	—	—	—	39	—
S7.11 contributions – under a plan	2,611	512	—	41	(447)	—	2,717	—
Total S7.11 and S7.12 revenue under plans	2,611	512	—	41	(447)	—	2,717	—
S7.11 not under plans	8	—	—	—	—	—	8	—
S64 contributions	11,216	(140)	—	66	—	—	11,142	—
Total contributions	13,835	372	—	107	(447)	—	13,867	—

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

G4-2 Developer contributions by plan

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
Contribution Plan - No. 1								
Drainage	6	-	-	-	-	-	6	-
Roads	90	25	-	2	-	-	117	-
Parking	11	-	-	-	-	-	11	-
Open space	114	-	-	1	(70)	-	45	-
Community facilities	357	-	-	5	(37)	-	325	-
Total	578	25	-	8	(107)	-	504	-
Singleton Development Contributions Plan 2005								
Community facilities	36	-	-	-	(2)	-	34	-
Waste facilities	35	-	-	-	-	-	35	-
Total	71	-	-	-	(2)	-	69	-
Singleton Development Contributions Plan 2008								
Roads	11	222	-	4	(6)	-	231	-
Parking	554	12	-	8	(62)	-	512	-
Open space	162	36	-	-	(196)	-	2	-
Community facilities	549	9	-	8	(37)	-	529	-
Bushfire facilities	682	208	-	13	(37)	-	866	-
Waste facilities	4	-	-	-	-	-	4	-
Total	1,962	487	-	33	(338)	-	2,144	-

G4-3 Contributions not under plans

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
	8	-	-	-	-	-	8	-
	8	-	-	-	-	-	8	-

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Community facilities

Total

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 20212020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(456)	(0.69)%	5.21%	5.99%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	65,968				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	54,409	69.55%	65.12%	70.85%	> 60.00%
Total continuing operating revenue ¹	78,234				
3. Unrestricted current ratio					
Current assets less all external restrictions	47,411	3.82x	4.09x	4.64x	> 1.50x
Current liabilities less specific purpose liabilities	12,398				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14,314	3.72x	6.16x	7.54x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,852				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,131	3.25%	3.21%	3.92%	< 10.00%
Rates and annual charges collectable	34,804				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	61,154	12.53 months	14.13 months	20.16 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,881				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G5-2 Statement of performance measures by fund

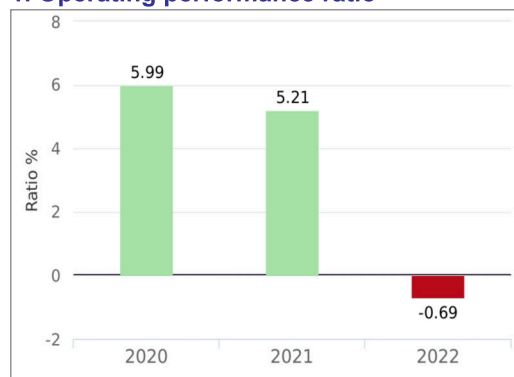
	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
\$ '000	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5.21)%	4.26%	11.65%	2.04%	22.99%	18.94%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	63.31%	59.15%	98.89%	95.93%	98.42%	93.68%	> 60.00%
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹							
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.82x	4.09x	60.84x	80.82x	38.93x	64.34x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.19x	4.34x	82.66x	∞	39.99x	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.31%	3.12%	10.77%	3.24%	0.00%	3.85%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.53	14.13	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

(1) - (2) Refer to Notes at Note 24a above.

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

End of the audited financial statements

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2021/22 result

2021/22 ratio (0.69)%

The loss on disposal of assets for John Street (Stage 2), Glendon and Broke Roads along with renewal work carried out on Council's buildings of \$2.6m have contributed to a deficit operating result. In addition, there was \$1.1m in Emergency Management Services due to the pandemic and three flood events within 12 months.

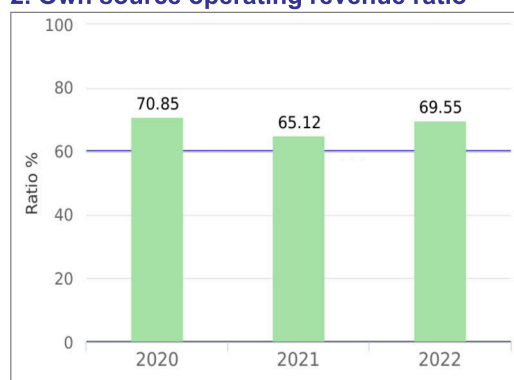
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2021/22 result

2021/22 ratio 69.55%

Council's own source of operating revenue exceeded the benchmark of 60% during the period.

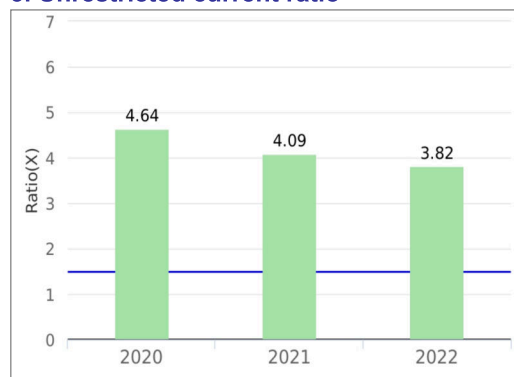
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2021/22 result

2021/22 ratio 3.82x

Council continues to have strong liquidity and is comfortably able to satisfy its short term obligations as they fall due.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

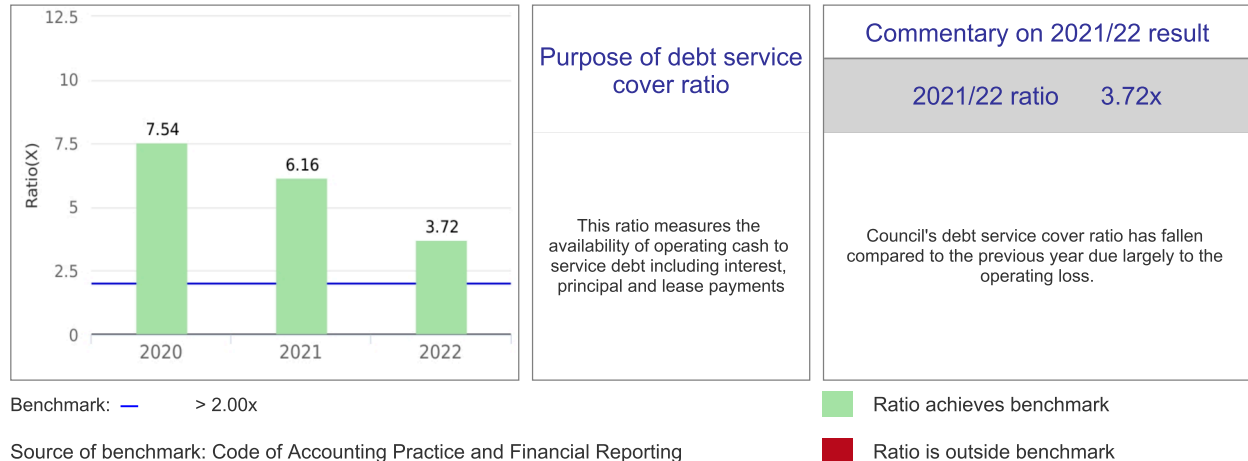
Ratio achieves benchmark

Ratio is outside benchmark

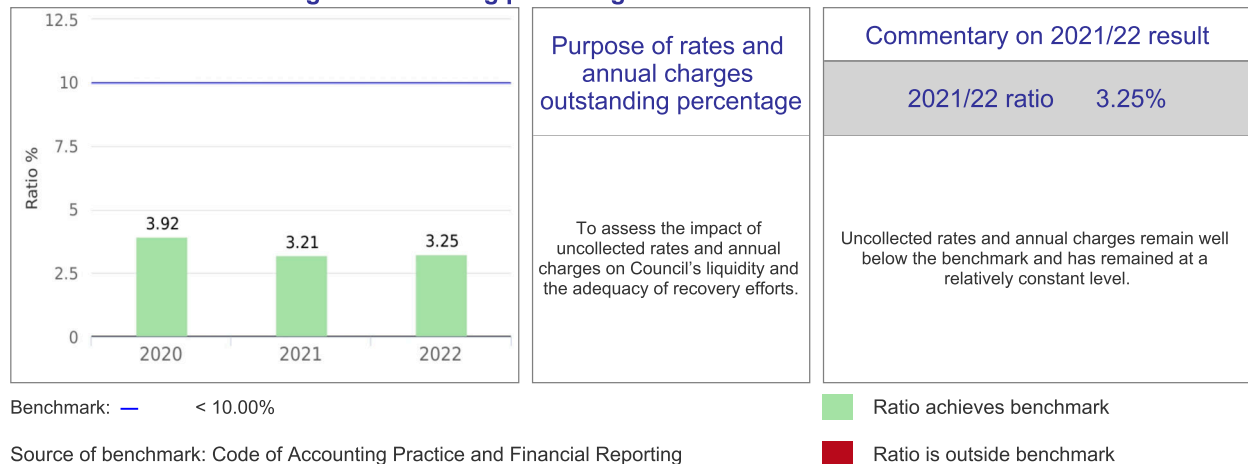
H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

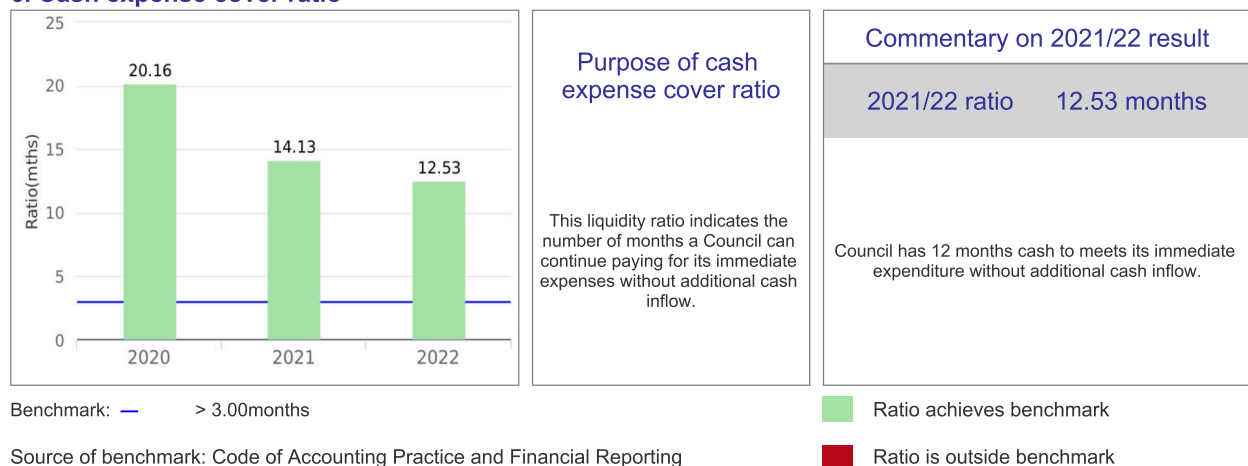
4. Debt service cover ratio



5. Rates and annual charges outstanding percentage



6. Cash expense cover ratio



H1-2 Council information and contact details

Principal place of business:

12-14 Queen Street
Singleton NSW 2330

Contact details**Mailing Address:**

PO Box 314
SINGLETON NSW 2330

Telephone: 02 6578 7290

Facsimile: 02 6572 4197

Opening hours:

8:00am - 4:30pm
Monday to Friday

Internet: www.singleton.nsw.gov.au

Email: council@singleton.nsw.gov.au

Officers**GENERAL MANAGER**

Jason Linnane

RESPONSIBLE ACCOUNTING OFFICER

Jeannie Hayes

PUBLIC OFFICER

Dwight Graham

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members**MAYOR**

Mayor Sue Moore

COUNCILLORS

Cr Godfrey Adamthwaite

Cr Sue George

Cr Sarah Johnstone

Cr Tony Jarrett

Cr Hollee Jenkins

Cr Mel McLachlan

Cr Tony McNamara

Cr Val Scott

Cr Dan Thompson

Other information

ABN: 52 877 492 396



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying financial statements of Singleton 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 purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

19 October 2022
SYDNEY



Cr Sue Moore
Mayor
Singleton Council
PO Box 314
SINGLETON NSW 2330

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: D2220507/1786

19 October 2022

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Singleton 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	33.6	31.5	6.7
Grants and contributions revenue	23.8	27.0	11.9
Operating result from continuing operations	10.3	15.4	33.1
Net operating result before capital grants and contributions	(2.0)	2.6	176

Rates and annual charges revenue (\$33.6 million) increased by \$2.1 million (6.7 per cent) in 2021-22 mainly due:

- annual rate peg increase applied to ordinary rates (2.0 per cent)
- increase of \$1.0 million in revenue from annual charges for services relating to domestic waste management, water supply and sewerage.

Grants and contributions revenue (\$23.8 million) decreased by \$3.2 million (11.9 percent) in 2021-22 mainly due to decrease of \$3.6 million in revenue from special purpose operating contributions relating to Voluntary Planning Agreements.

The Council's operating result from continuing operations (\$10.3 million including depreciation and amortisation expense of \$14.1 million), was \$5.1 million lower than the 2020-21 result. This movement is mainly due to

- decreased grants and contributions revenue, as explained above
- increase of \$1.4 million in employee benefits and on-costs expenses
- increase of \$1.9 million in materials and services expenses.

The net operating result before capital grants and contributions (\$2.0 million deficit) was \$4.6 million lower than the 2020-21 result. This is due to the movements in operating revenue and expenses, as explained above.

STATEMENT OF CASH FLOWS

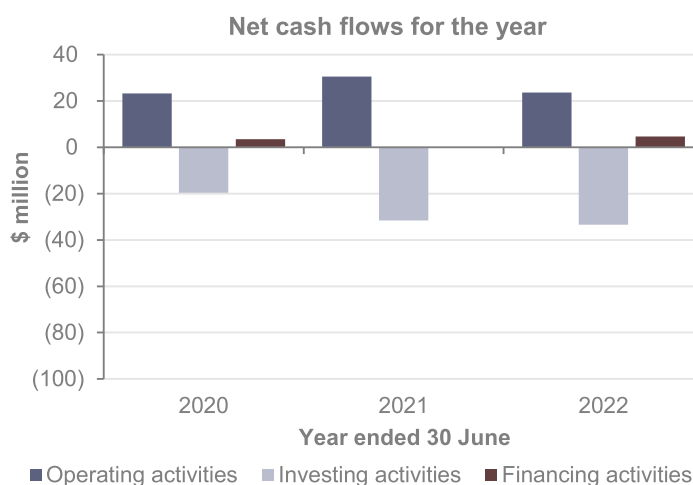
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The decrease in cash provided from operating activities is mainly due to decreased grants and contributions received during the year.

The increase in cash used in investing activities is mainly due to purchase of investment securities.

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

The Council's cash and cash equivalent balances at 30 June 2022 was \$5.7 million (2021: \$10.8 million). The net cash flow for the year was a decrease of \$5.1 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	124.7	120.0	<ul style="list-style-type: none"> Cash and investments increased by \$4.7 million. Externally restricted cash and investment are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$5.8 million primarily due to an increase in cash relating to specific purpose unexpended grant and water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	84.2	78.4	
• Internal allocations	40.2	41.5	<ul style="list-style-type: none"> Internally restricted cash and cash equivalents are due to Council policy or decisions to restrict funds for forward plans including strategic capital projects. The decrease in internally restricted cash and investments is mainly due to decreases in employee leave entitlements and road fund allocations.

Debt

The Council has \$16.2 million of borrowings as at 30 June 2022 (2021: \$10.8 million).

The Council has an accumulated drawdown facility limit of \$1.2 million as at 30 June 2022 (2021: \$1.1 million) which remained unutilised at the end of the year.

PERFORMANCE

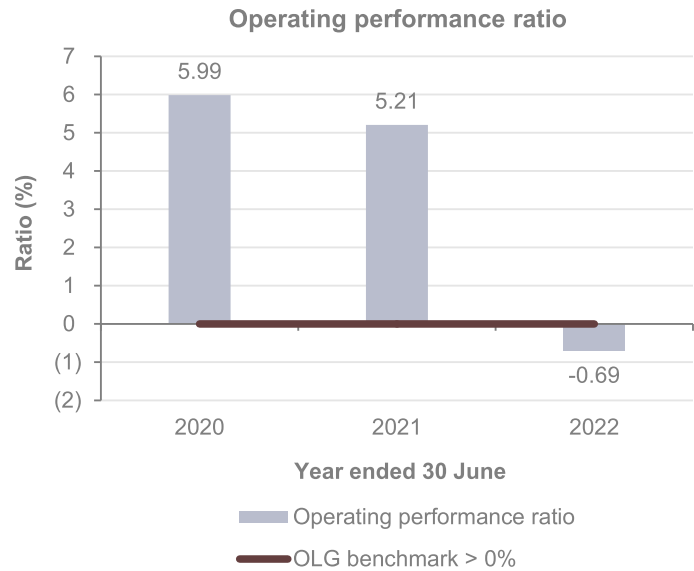
Performance measures

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

Operating performance ratio

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

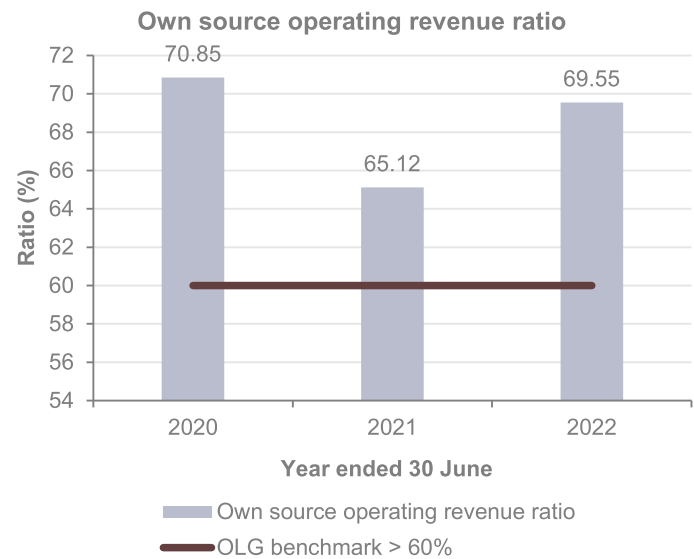
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

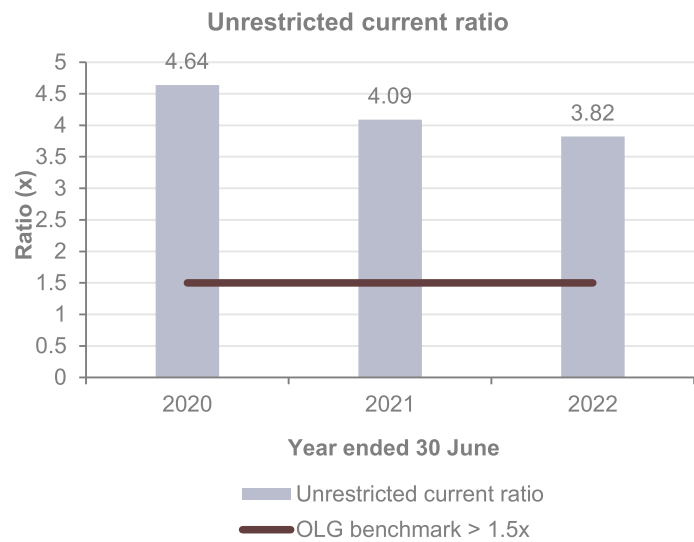
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

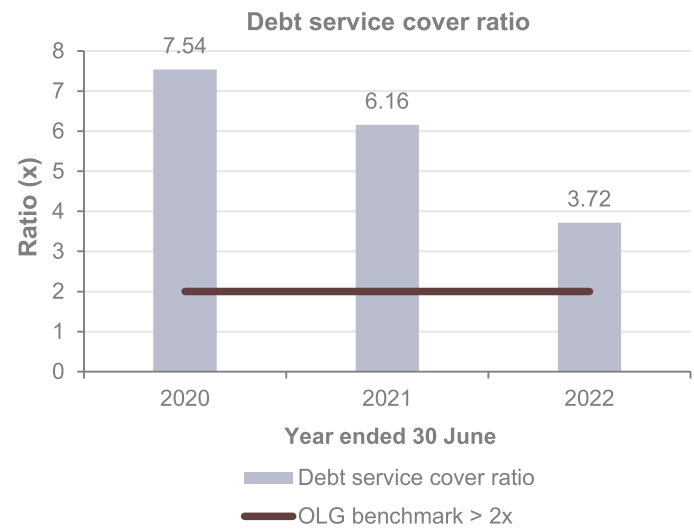
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

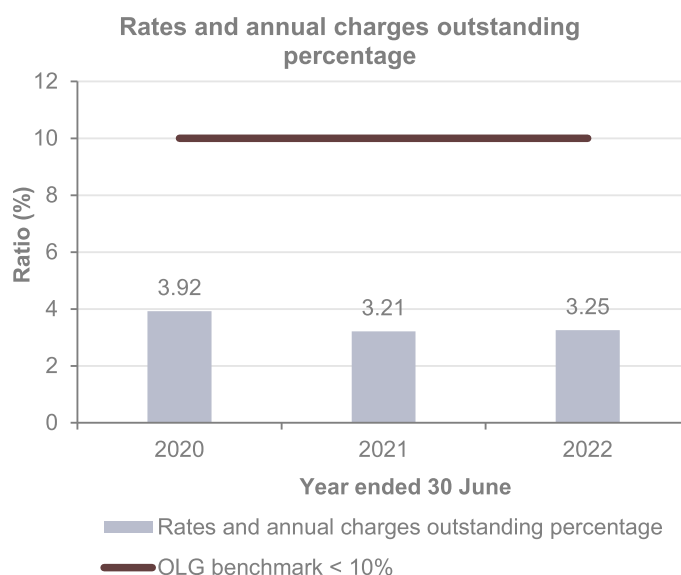
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



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.

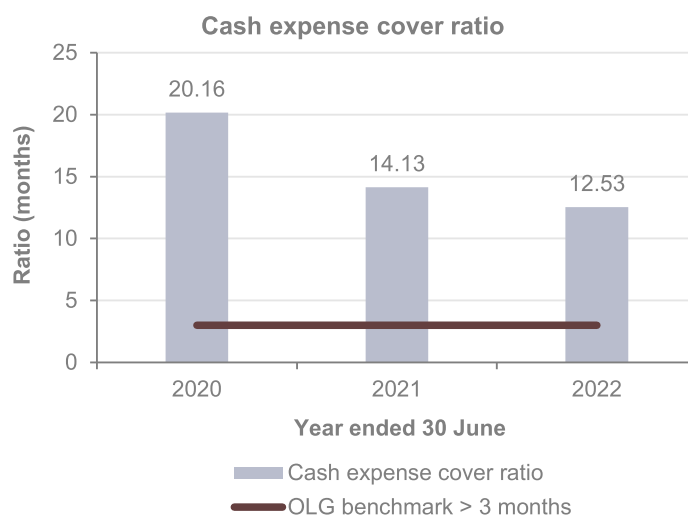


Cash expense cover ratio

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.

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



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of \$9.9 million in 2021-22 (\$16.0 million in 2020-21). Significant renewals included:

- building renewals of \$1.7 million (\$0.9 million in 2020-21)
- road renewals of \$1.4 million (\$2.4 million in 2020-21)
- open space and recreational assets of \$2.3 million (\$0.5 million in 2020-21).

OTHER MATTERS

Legislative compliance

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

The Council's:

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



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

cc: Mr Jason Linnane, General Manager
Mr Paul Quealey, Chair of Audit, Risk and Improvement Committee

Singleton Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Vibrant/Connected/Sustainable/Resilient/Progressive



Special Purpose Financial Statements

for the year ended 30 June 2022

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Background

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

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

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

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

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

Singleton Council

Special Purpose Financial Statements for the year ended 30 June 2022

Statement by Councillors and Management

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

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

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

Signed in accordance with a resolution of Council made on 30 August 2022.



Sue Moore

Mayor


18 October 2022



Tony Jarrett

Deputy Mayor

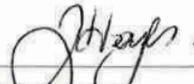
18 October 2022



Jason Linnane

General Manager

18 October 2022



Jeannie Hayes

Responsible Accounting Officer

18 October 2022

Singleton Council

Income Statement of Water Supply Business Activity
for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	1,597	1,541
User charges	5,727	5,037
Interest and investment income	544	440
Grants and contributions provided for operating purposes	89	11
Other income	72	13
Total income from continuing operations	8,029	7,042
Expenses from continuing operations		
Employee benefits and on-costs	1,156	1,043
Borrowing costs	44	–
Materials and services	3,110	3,066
Depreciation, amortisation and impairment	2,786	2,667
Net loss from the disposal of assets	–	102
Calculated taxation equivalents	16	12
Other expenses	(2)	20
Total expenses from continuing operations	7,110	6,910
Surplus (deficit) from continuing operations before capital amounts	919	132
Grants and contributions provided for capital purposes	–	287
Surplus (deficit) from continuing operations after capital amounts	919	419
Surplus (deficit) from all operations before tax	919	419
Less: corporate taxation equivalent (25%) [based on result before capital]	(230)	(34)
Surplus (deficit) after tax	689	385
Plus accumulated surplus	64,842	64,411
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	16	12
– Corporate taxation equivalent	230	34
Less:		
Closing accumulated surplus	65,777	64,842
Return on capital %	0.9%	0.1%
Subsidy from Council	3,055	1,420
Calculation of dividend payable:		
Surplus (deficit) after tax	689	385
Less: capital grants and contributions (excluding developer contributions)	–	(287)
Surplus for dividend calculation purposes	689	98
Potential dividend calculated from surplus	345	49

Singleton Council

Income Statement of Sewerage Business Activity
for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	4,234	3,873
User charges	963	936
Liquid trade waste charges	112	104
Interest and investment income	330	270
Grants and contributions provided for operating purposes	91	22
Net gain from the disposal of assets	14	–
Other income	19	64
Total income from continuing operations	5,763	5,269
Expenses from continuing operations		
Employee benefits and on-costs	1,302	1,218
Borrowing costs	67	–
Materials and services	1,656	1,750
Depreciation, amortisation and impairment	1,383	1,241
Net loss from the disposal of assets	31	43
Other expenses	(1)	19
Total expenses from continuing operations	4,438	4,271
Surplus (deficit) from continuing operations before capital amounts	1,325	998
Grants and contributions provided for capital purposes	–	332
Surplus (deficit) from continuing operations after capital amounts	1,325	1,330
Surplus (deficit) from all operations before tax	1,325	1,330
Less: corporate taxation equivalent (25%) [based on result before capital]	(331)	(259)
Surplus (deficit) after tax	994	1,071
Plus accumulated surplus	47,927	46,597
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	331	259
Less:		
Closing accumulated surplus	49,252	47,927
Return on capital %	2.3%	1.7%
Subsidy from Council	844	–
Calculation of dividend payable:		
Surplus (deficit) after tax	994	1,071
Less: capital grants and contributions (excluding developer contributions)	–	(332)
Surplus for dividend calculation purposes	994	739
Potential dividend calculated from surplus	497	370

Singleton Council

Statement of Financial Position of Water Supply Business Activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Investments	39,716	32,870
Receivables	1,596	1,398
Total current assets	41,312	34,268
Non-current assets		
Investments	—	3,583
Infrastructure, property, plant and equipment	109,790	104,069
Total non-current assets	109,790	107,652
Total assets	151,102	141,920
LIABILITIES		
Current liabilities		
Payables	182	165
Borrowings	255	8
Employee benefit provisions	242	251
Total current liabilities	679	424
Non-current liabilities		
Borrowings	2,867	79
Employee benefit provisions	8	12
Total non-current liabilities	2,875	91
Total liabilities	3,554	515
Net assets	147,548	141,405
EQUITY		
Accumulated surplus	65,777	64,842
Revaluation reserves	81,771	76,563
Total equity	147,548	141,405

Singleton Council

Statement of Financial Position of Sewerage Business Activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Investments	26,591	20,607
Receivables	346	432
Total current assets	26,937	21,039
Non-current assets		
Investments	—	2,246
Infrastructure, property, plant and equipment	61,091	57,532
Total non-current assets	61,091	59,778
Total assets	88,028	80,817
LIABILITIES		
Current liabilities		
Borrowings	397	33
Employee benefit provisions	295	294
Total current liabilities	692	327
Non-current liabilities		
Borrowings	3,668	336
Employee benefit provisions	9	14
Total non-current liabilities	3,677	350
Total liabilities	4,369	677
Net assets	83,659	80,140
EQUITY		
Accumulated surplus	49,252	47,927
Revaluation reserves	34,407	32,213
Total equity	83,659	80,140

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Provision of water for the communities of Singleton, Mount Thorley, Broke and Jerrys Plains.

b. Sewerage Services

Provision of sewerage treatment and disposal for the community of Singleton.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Note – Significant Accounting Policies (continued)

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% as at 30 June 2022.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Singleton Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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 the 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.

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 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 general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Furqan' followed by a stylized flourish.

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

19 October 2022
SYDNEY

Singleton Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

Vibrant/Connected/Sustainable/Resilient/Progressive



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Singleton Council

Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	22,644	23,597
Plus or minus adjustments ²	b	144	106
Notional general income	c = a + b	22,788	23,703
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	456	474
Sub-total	k = (c + g + h + i + j)	23,244	24,177
Plus (or minus) last year's carry forward total	l	362	9
Sub-total	n = (l + m)	362	9
Total permissible income	o = k + n	23,606	24,186
Less notional general income yield	p	23,597	24,181
Catch-up or (excess) result	q = o - p	9	5
Carry forward to next year ⁶	t = q + r + s	9	5

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)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Singleton 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, special 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 and the special purpose financial statements.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

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

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

A handwritten signature in black ink, appearing to read 'Furqan' followed by a stylized flourish.

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

19 October 2022
SYDNEY

Singleton Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost			2021/23 Actual maintenance \$ '000	2021/23 Required maintenance ^a \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the standard \$ '000	to bring to the agreed level of service set by Council \$ '000	to satisfy service set by Council \$ '000					1	2	3	4	5
Buildings	Buildings	1,763	1,763	1,283	1,453	68,020	84,777	33.1%	41.5%	21.2%	3.9%	0.3%	
	Sub-total	1,763	1,763	1,283	1,453	68,022	84,777	33.1%	41.5%	21.2%	3.9%	0.3%	
Other structures	Other structures	356	356	801	1,797	4,845	8,006	24.9%	44.4%	21.3%	7.4%	2.0%	
	Sub-total	356	356	801	1,797	4,845	8,006	24.9%	44.4%	21.3%	7.4%	2.0%	
Roads	Sealed roads	3,676	3,676	2,926	3,342	215,019	305,775	49.3%	34.6%	12.7%	2.6%	0.8%	
	Unsealed roads	723	723	734	956	5,821	11,894	19.1%	20.5%	23.5%	24.8%	12.1%	
	Bridges	317	317	399	40	44,352	70,343	52.1%	27.6%	18.6%	1.7%	0.0%	
	Footpaths	22	22	148	203	13,679	16,813	79.3%	11.9%	2.4%	6.2%	0.2%	
	Other road assets (incl. bulk earth works)	222	222	319	203	289,340	293,939	98.7%	0.8%	0.3%	0.1%	0.1%	
	Sub-total	4,960	4,960	4,526	4,744	568,209	698,764	70.6%	18.9%	8.0%	1.9%	0.6%	
Water supply network	Water supply network	3,827	3,827	1,432	1,068	99,812	169,345	70.6%	22.5%	3.1%	3.6%	0.2%	
	Sub-total	3,827	3,827	1,432	1,068	99,812	169,345	70.6%	22.5%	3.1%	3.6%	0.2%	
Sewerage network	Sewerage network	3,247	3,247	972	696	52,858	89,443	56.2%	29.0%	8.6%	3.5%	2.7%	
	Sub-total	3,247	3,247	972	696	52,857	89,443	56.2%	29.0%	8.6%	3.5%	2.7%	
Stormwater drainage	Stormwater drainage	1,584	1,584	517	325	110,569	137,332	70.6%	16.8%	10.4%	0.8%	1.4%	
	Sub-total	1,584	1,584	517	325	110,570	137,332	70.6%	16.8%	10.4%	0.8%	1.4%	

Singleton Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost			2021/23 Actual maintenance \$ '000	2021/23 Required maintenance ^a \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the standard \$ '000	to bring assets to satisfactory service set by Council \$ '000	to bring to the agreed level of service \$ '000					1	2	3	4	5
Open space / recreational assets	Swimming pools	446	446		461	218	3,745	5,022	14.7%	84.5%	0.6%	0.2%	0.0%
	Other Open Space/Recreational Assets	2,054	2,054		3,279	2,568	25,051	45,682	28.1%	44.7%	19.6%	7.5%	0.1%
	Sub-total	2,500	2,500		3,740	2,786	28,796	50,704	26.8%	48.6%	17.7%	6.8%	0.1%
Total – all assets		18,237	18,237		13,271	12,869	933,111	1,238,371	64.9%	22.8%	9.0%	2.5%	0.8%

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

Infrastructure asset condition assessment 'key'

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

Singleton Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	2020	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	17,282				
Depreciation, amortisation and impairment	12,093	142.91%	139.24%	45.19%	>= 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	18,237	1.91%	1.62%	2.37%	< 2.00%
Net carrying amount of infrastructure assets	956,286				
Asset maintenance ratio					
Actual asset maintenance	12,869				
Required asset maintenance	13,271	96.97%	96.90%	81.25%	> 100.00%
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	18,237	1.47%	1.25%	1.81%	
Gross replacement cost	1,238,371				

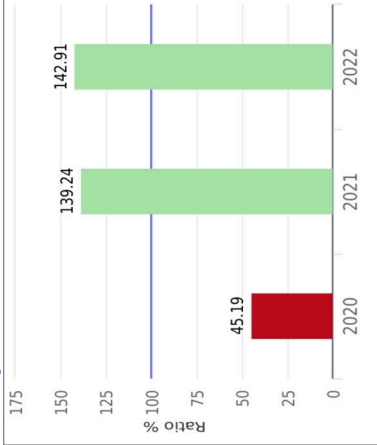
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Singleton Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Benchmark: — >= 100.00%

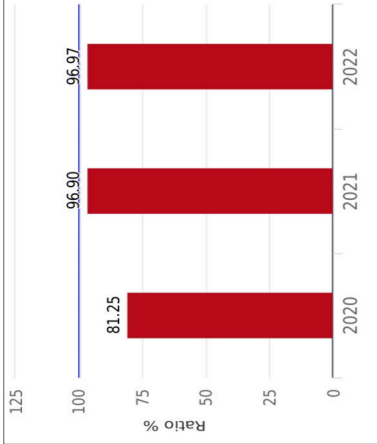
Source of benchmark: Code of Accounting Practice and Financial Reporting

Buildings and infrastructure renewals ratio	Commentary on result
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Council has been investing in reducing the infrastructure backlog ratio with a continued increase in renewal expenditure.
21/22 ratio 142.91%	

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Benchmark: — > 100.00%

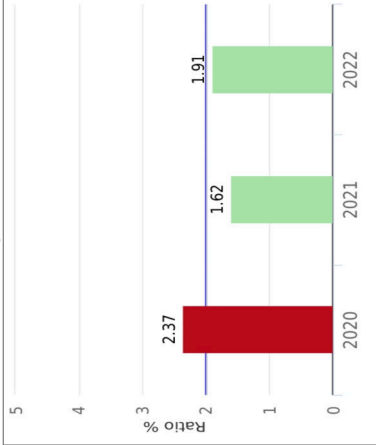
Source of benchmark: Code of Accounting Practice and Financial Reporting

Asset maintenance ratio	Commentary on result
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Actual maintenance spend on maintaining Council's assets has remained almost equal to the required maintenance to reduce the infrastructure backlog.
21/22 ratio 96.97%	

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

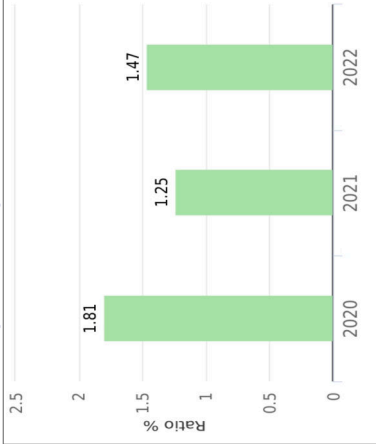
Source of benchmark: Code of Accounting Practice and Financial Reporting

Infrastructure backlog ratio	Commentary on result
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	The ratio represents the cost to bring those identified assets back to a satisfactory condition. The infrastructure backlog has slightly reduced although it remains under the benchmark of 2%.
21/22 ratio 1.91%	

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	Council's continued focus on asset renewals has maintained at a low cost to bring assets to agreed service level ratio.
21/22 ratio 1.47%	

Singleton Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	160.79%	108.20%	75.83%	152.96%	165.90%	309.53%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.41%	1.15%	3.59%	5.65%	5.62%	0.59%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	102.19%	97.01%	74.58%	100.33%	71.60%	89.28%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.15%	0.94%	2.20%	3.24%	3.56%	0.37%	
Gross replacement cost							

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