



LEETON
SHIRE COUNCIL



ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022



Leeton Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

"Preserving the Past, Enhancing the Future"



LEETON
SHIRE COUNCIL

Leeton Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

"Preserving the Past, Enhancing the Future"



LEETON
SHIRE COUNCIL

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
1. Understanding Council's Financial Statements	4
2. Statement by Councillors and Management	5
3. Primary Financial Statements:	
Income Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
4. Notes to the Financial Statements	11
5. Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	88
On the Financial Statements (Sect 417 [3])	93

Overview

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

23-25 Chelmsford Place
Leeton NSW 2705

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

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

Leeton Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Displays Council's original adopted budget and summarises Council's financial performance for the year, listing all income and expenses.

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Leeton Shire 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 (2c) of the *Local Government Act 1993* (NSW)

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

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

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

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

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

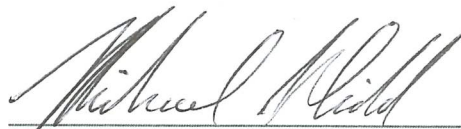
Signed in accordance with a resolution of Council made on 24 August 2022.



Tony Reneker

Mayor

24 August 2022



Michael Kidd

Deputy Mayor

24 August 2022



Jacqueline Kruger

General Manager



Lawrence Amato

Responsible Accounting Officer

Leeton Shire 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			
13,977	Rates and annual charges	B2-1	14,096	13,439
8,182	User charges and fees	B2-2	9,161	7,745
–	Other revenues	B2-3	731	807
5,969	Grants and contributions provided for operating purposes	B2-4	8,354	8,618
13,205	Grants and contributions provided for capital purposes	B2-4	4,982	6,926
516	Interest and investment income	B2-5	446	681
2,592	Other income	B2-6	356	286
250	Net gain from the disposal of assets	B4-1	–	–
44,691	Total income from continuing operations		38,126	38,502
	Expenses from continuing operations			
14,051	Employee benefits and on-costs	B3-1	13,170	12,352
7,482	Materials and services	B3-2	11,008	13,316
106	Borrowing costs	B3-3	106	119
6,940	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,392	7,268
3,042	Other expenses	B3-5	464	2,904
–	Net loss from the disposal of assets	B4-1	1,120	42
31,621	Total expenses from continuing operations		34,260	36,001
13,070	Operating result from continuing operations		3,866	2,501
13,070	Net operating result for the year attributable to Council		3,866	2,501
(135)	Net operating result for the year before grants and contributions provided for capital purposes		(1,116)	(4,425)

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

Leeton Shire 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		3,866	2,501
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-6	15,619	24,872
Other movements in reserves – Intangible Assets Revaluation	C1-7	1,249	(54)
Total items which will not be reclassified subsequently to the operating result		16,868	24,818
Total comprehensive income for the year attributable to Council		20,734	27,319

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

Leeton Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	15,007	13,132
Investments	C1-2	20,760	26,150
Receivables	C1-4	4,410	2,637
Inventories	C1-5	1,166	1,205
Other		49	59
Total current assets		41,392	43,183
Non-current assets			
Investments	C1-2	14,500	7,700
Receivables	C1-4	286	45
Infrastructure, property, plant and equipment (IPPE)	C1-6	315,705	299,890
Intangible assets	C1-7	9,565	8,316
Total non-current assets		340,056	315,951
Total assets		381,448	359,134
LIABILITIES			
Current liabilities			
Payables	C3-1	2,852	2,742
Contract liabilities	C3-2	3,267	2,405
Borrowings	C3-3	417	464
Employee benefit provisions	C3-4	2,814	2,621
Total current liabilities		9,350	8,232
Non-current liabilities			
Borrowings	C3-3	2,434	2,851
Employee benefit provisions	C3-4	170	277
Provisions	C3-5	4,322	3,336
Total non-current liabilities		6,926	6,464
Total liabilities		16,276	14,696
Net assets		365,172	344,438
EQUITY			
Accumulated surplus		136,736	132,870
IPPE revaluation reserve		228,436	211,568
Council equity interest		365,172	344,438
Total equity		365,172	344,438

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

Leeton Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	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		132,870	211,568	344,438	130,369	186,750	317,119
Net operating result for the year		3,866	–	3,866	2,501	–	2,501
Restated net operating result for the period		3,866	–	3,866	2,501	–	2,501
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	15,619	15,619	–	24,872	24,872
– Gain (loss) on revaluation of Intangible Assets		–	1,249	1,249	–	(54)	(54)
Other comprehensive income		–	16,868	16,868	–	24,818	24,818
Total comprehensive income		3,866	16,868	20,734	2,501	24,818	27,319
Closing balance at 30 June		136,736	228,436	365,172	132,870	211,568	344,438

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

Leeton Shire 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>				
13,977	Rates and annual charges		13,972	13,359
8,907	User charges and fees		9,717	6,891
516	Interest received		461	780
19,174	Grants and contributions		14,493	18,537
–	Bonds, deposits and retentions received		54	–
2,592	Other		764	1,569
<i>Payments:</i>				
(14,374)	Payments to employees		(13,256)	(13,237)
(7,482)	Payments for materials and services		(13,063)	(14,722)
(106)	Borrowing costs		160	(176)
–	Bonds, deposits and retentions refunded		–	(8)
(3,042)	Other		181	(510)
20,162	Net cash flows from operating activities	G1-1	13,483	12,483
Cash flows from investing activities				
<i>Receipts:</i>				
5,000	Sale of investments		–	5,500
50	Sale of real estate assets		76	155
250	Proceeds from sale of IPPE		718	565
25	Deferred debtors receipts		–	60
<i>Payments:</i>				
–	Purchase of investments		(3,207)	–
–	Acquisition of term deposits		(211)	–
(25,931)	Payments for IPPE		(8,284)	(15,675)
–	Purchase of real estate assets		–	(376)
–	Deferred debtors and advances made		(236)	–
(20,606)	Net cash flows used in investing activities		(11,144)	(9,771)
Cash flows from financing activities				
<i>Receipts:</i>				
2,400	Proceeds from borrowings		–	–
<i>Payments:</i>				
(464)	Repayment of borrowings		(464)	(443)
1,936	Net cash flows from/(Used in) financing activities		(464)	(443)
1,492	Net change in cash and cash equivalents		1,875	2,269
1,458	Cash and cash equivalents at beginning of year		13,132	10,863
2,950	Cash and cash equivalents at end of year	C1-1	15,007	13,132
31,830	plus: Investments on hand at end of year	C1-2	35,260	33,850
34,780	Total cash, cash equivalents and investments		50,267	46,982

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

Leeton Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

A About Council and these financial statements	13
A1-1 Basis of preparation	13
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	19
B2-5 Interest and investment income	24
B2-6 Other income	24
B3 Costs of providing services	25
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	26
B3-4 Depreciation, amortisation and impairment of non-financial assets	28
B3-5 Other expenses	29
B4 Gains or losses	30
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	30
B5 Performance against budget	31
B5-1 Material budget variations	31
C Financial position	33
C1 Assets we manage	33
C1-1 Cash and cash equivalents	33
C1-2 Financial investments	34
C1-3 Restricted and allocated cash, cash equivalents and investments	35
C1-4 Receivables	37
C1-5 Inventories	39
C1-6 Infrastructure, property, plant and equipment	41
C1-7 Intangible assets	46
C2 Leasing activities	47
C2-1 Council as a lessee	47
C2-2 Council as a lessor	48
C3 Liabilities of Council	50
C3-1 Payables	50
C3-2 Contract Liabilities	50
C3-3 Borrowings	52
C3-4 Employee benefit provisions	55
C3-5 Provisions	56
C4 Reserves	58

Leeton Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

C4-1 Nature and purpose of reserves	58
D Council structure	59
D1 Results by fund	59
D1-1 Income Statement by fund	59
D1-2 Statement of Financial Position by fund	60
E Risks and accounting uncertainties	61
E1-1 Risks relating to financial instruments held	61
E2-1 Fair value measurement	65
E3-1 Contingencies	70
F People and relationships	73
F1 Related party disclosures	73
F1-1 Key management personnel (KMP)	73
F1-2 Councillor and Mayoral fees and associated expenses	75
F2 Other relationships	76
F2-1 Audit fees	76
G Other matters	77
G1-1 Statement of Cash Flows information	77
G2-1 Commitments	78
G3 Changes from prior year statements	79
G3-1 Changes in accounting policy	79
G3-2 Correction of errors	79
G3-3 Changes in accounting estimates	79
G4 Statement of developer contributions as at 30 June 2022	80
G4-1 Summary of developer contributions	80
G4-2 Developer contributions by plan	81
G5 Statement of performance measures	82
G5-1 Statement of performance measures – consolidated results	82
G5-2 Statement of performance measures by fund	83
H Additional Council disclosures (unaudited)	85
H1-1 Statement of performance measures – consolidated results (graphs)	85
H1-2 Council information and contact details	87

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 23 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 (Act)* 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.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of intangible assets – refer Note C1-7
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iii. estimated landfill remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – Council reviewed receivables for impairment and found there to be minimal impairments – 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.

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations

A1-1 Basis of preparation (continued)

- Water service
- 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.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council relies on the commitment made by volunteers to help run some of its venues and events. These volunteer services are not recognised in Council's Income Statement as they would not be purchased if not donated and they are deemed to be immaterial.

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.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2022.

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										
Community Services and Community Development	3,085	2,984	4,546	4,637	(1,461)	(1,653)	642	760	8,827	8,417
Museum, Arts and Cultural Services	1,417	391	529	700	888	(309)	1,391	229	5,578	7,265
Parks, Streetscapes and Sporting Facilities	1,328	4,715	4,061	5,118	(2,733)	(403)	611	4,088	30,156	27,704
Economic Development	2	–	758	90	(756)	(90)	2	–	2,924	3,240
Planning, Building and Public Health	164	16	188	362	(24)	(346)	3	2	–	–
Roads and Drainage	8,184	6,948	7,620	8,701	564	(1,753)	5,399	6,517	140,262	136,349
Water and Sewer Services	7,335	8,184	7,443	6,975	(108)	1,209	248	80	111,092	106,613
Environmental Sustainability and Emergency Services	2,950	2,867	3,473	5,407	(523)	(2,540)	155	145	36,151	34,215
Governance and Administration	13,661	12,397	5,642	4,011	8,019	8,386	4,885	3,723	46,458	35,331
Total functions and activities	38,126	38,502	34,260	36,001	3,866	2,501	13,336	15,544	381,448	359,134

B1-2 Components of functions or activities

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

Community Services and Community Development

Includes administration social protection (welfare); migrant, youth services; aged and disabled persons services; child care; Library; and other family and children services. Further inclusions are provision of free WiFi, the operation of CCTV and advocacy for improved health services and adequate policing.

Museum, Arts and Cultural Services

Includes operating the Leeton Museum and Art Gallery, supporting the Whitton and Yanco Museums, maintaining strong working relationships with Western Riverina Arts and the Leeton Family and Local History Society as well as the the Roxy Theatre

Parks, Streetscapes and Sporting Facilities

Includes provision of attractive town entrances, streetscapes and town centres; quality parks, ovals, sporting fields and public toilets; safe, accessible, interesting and fun playgrounds and exercise spaces; safe, accessible and fun sports and outdoor entertainment facilities and swimming pools; cemeteries and burial support services.

Economic Development

Includes implementation of local and regional economic development strategies: developing land at Vance Industrial Estate and WR Connect Freight Intermodal; continue to enhance the CBD and invest in the Narrandera – Leeton Airport; grow jobs; develop new business units for Council-owned quarry and Gogeldrie Weir Riverside Park; support local economy and promote and market Leeton as a visitor destination and host and promote important destination events.

Planning, Building and Public Health

Includes undertaking and implementation of strategic land use planning; provide planning and building assessment services; collect developer contributions and review developer contribution plans; provision of built heritage services, including access to a heritage advisor and heritage grant funding; preparation and issue of development engineering guidelines; provision of regulatory / ranger services and public health services through inspections and education campaigns.

Roads and Drainage

Includes provision of a network of safe sealed and gravel roads; bridges, culverts, kerb and guttering, bus stops, street furniture and carparking; undertaking active transport planning and provide a network of footpaths cycleways and road safety programs; undertaking of "private works" for local residents and businesses as well as TfNSW.

Water and Sewer Services

Includes provision of potable water and sewer services (including trade waste) to the urban areas; development of strategic plans to support security of service and growth of the Shire.

Environmental Sustainability and Emergency Services

Delivery of recycling and solid waste management; enhancing Leeton Shire's climate resilience; improving Leeton Shire's emergency preparedness; advocate for water security and biodiversity.

Governance and Administration

Includes provision of enhanced customer service; undertaking of authentic and timely community engagement; provision of respected and effective representation, leadership and advocacy; nurturing of strong partnerships with Murray Darling Association, RAMJO, MI Ltd, NSW Government, Commonwealth; fostering a valued and committed workforce; deployment of corporate and project governance including audit, risk and improvement and corporate management; undertaking of service reviews and the attraction of grant funding for capital works and operations.

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	4,478	4,112
Farmland	3,071	3,009
Business	481	463
Less: pensioner rebates (mandatory)	(91)	(91)
Less: pensioner rebates (Council policy)	(159)	(164)
Rates levied to ratepayers	7,780	7,329
Pensioner rate subsidies received	91	90
Total ordinary rates	7,871	7,419
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,269	1,229
Stormwater management services	91	91
Water supply services	1,633	1,575
Sewerage services	2,588	2,510
Waste management services (non-domestic)	182	176
Recycling	607	587
Trade waste	17	17
Less: pensioner rebates (mandatory)	(92)	(90)
Less: pensioner rebates (Council policy)	(162)	(165)
Annual charges levied	6,133	5,930
Pensioner subsidies received:		
– Water	36	36
– Sewerage	30	29
– Domestic waste management	26	25
Total annual charges	6,225	6,020
Total rates and annual charges	14,096	13,439

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 when the Council obtains control over the assets comprising these receipts which is 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 in substance a rates payment.

B2-2 User charges and fees

	Timing	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	2,361	2,924
Sewerage services	1	209	768
Total specific user charges		2,570	3,692
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	86	57
Inspection services	2	22	10
Private works – section 67	1	29	16
Regulatory/ statutory fees	2	42	23
Registration fees	2	20	14
Section 10.7 certificates (EP&A Act)	2	25	24
Section 603 certificates	2	26	30
Tapping fees	2	57	15
Town planning	2	129	159
Total fees and charges – statutory/regulatory		436	348
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	211	250
Child care	1	1,866	1,716
Employee Contributions (FBT reduction) – Council vehicles	2	82	81
Library and art gallery	2	11	11
Transport for NSW works (state roads not controlled by Council)	1	2,675	334
Swimming centres	2	105	43
Tourism	2	47	60
Waste disposal tipping fees	2	712	722
Golf course	2	339	333
Roxy theatre	2	1	38
Stadium	2	67	84
User group contributions	2	8	12
Other	2	31	21
Total fees and charges – other		6,155	3,705
Total other user charges and fees		6,591	4,053
Total user charges and fees		9,161	7,745
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		7,139	5,758
User charges and fees recognised at a point in time (2)		2,022	1,987
Total user charges and fees		9,161	7,745

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
Fines – other	2	31	25
Commissions and agency fees	2	1	1
Diesel rebate	2	41	50
Insurance claims recoveries	2	144	32
Recycling income (non-domestic)	2	58	40
Sales – general	2	108	294
Sale of Investment Water	2	136	72
Sale of Town Water	2	25	92
Donations and sponsorship received	2	(4)	19
Child care operations	2	15	4
Insurance rebates	2	37	–
Other	2	139	178
Total other revenue		731	807

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	731	807
Total other revenue	731	807

Accounting policy for other revenue

Where the revenue relates to a contract with a 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

	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,950	1,684	–	–
Financial assistance – local roads component	2	653	532	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,841	1,802	–	–
Financial assistance – local roads component	2	860	569	–	–
Amount recognised as income during current year		6,304	4,587	–	–

Special purpose grants and non-developer contributions (tied)

Cash contributions

Previously specific grants:

Domestic waste management	1	–	–	–	20
– Water	1	–	36	–	–
Sewerage services	1	–	–	98	–
Child care	1	106	142	–	167
Community care	2	–	18	–	45
Economic development	2	211	172	–	–
Employment and training programs	2	113	57	–	–
Environmental programs	2	3	2	–	–

B2-4 Grants and contributions (continued)

	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Heritage and cultural	2	12	12	224	510
Library	2	1	1	3	—
Library – per capita	2	72	63	—	—
Library – special projects	2	—	14	—	—
LIRS subsidy	2	28	33	—	6
Noxious weeds	2	80	50	—	—
NSW rural fire services	2	75	75	(9)	43
Recreation and culture	2	92	1,272	1,897	3,016
Storm/flood damage	2	17	—	—	—
Youth services	2	17	10	—	—
Street lighting	2	189	64	—	—
Transport (roads to recovery)	1	656	—	—	985
Transport (other roads and bridges funding)	1	112	1,708	203	511
Other specific grants	2	15	52	189	489
Previously contributions:					
Roads and bridges	1	—	—	2,004	746
Transport for NSW contributions (regional roads, block grant)	2	251	250	106	137
Water supplies (excl. section 64 contributions)	2	—	—	50	18
Total special purpose grants and non-developer contributions – cash		2,050	4,031	4,765	6,693
Total special purpose grants and non-developer contributions (tied)		2,050	4,031	4,765	6,693
Total grants and non-developer contributions		8,354	8,618	4,765	6,693
Comprising:					
– Commonwealth funding		7,091	4,644	1,057	2,657
– State funding		1,203	3,928	3,580	3,974
– Other funding		60	46	128	62
		8,354	8,618	4,765	6,693

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Developer contributions:						
(S7.11 & S7.12 - EPA Act, S64 of the LGA):						
Cash contributions						
S7.12 (formally S94A) – fixed development consent levies		2	–	–	116	205
S 64 – water supply contributions		2	–	–	82	15
S 64 – sewerage service contributions		2	–	–	19	11
S 64 – stormwater contributions		2	–	–	–	2
Total developer contributions – cash			–	–	217	233
Total developer contributions			–	–	217	233
Total contributions			–	–	217	233
Total grants and contributions			8,354	8,618	4,982	6,926
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			872	–	2,207	6,467
Grants and contributions recognised at a point in time (2)			7,482	8,618	2,775	459
Total grants and contributions			8,354	8,618	4,982	6,926

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	481	661	2,001	1,809
Add: Funds received and not recognised as revenue in the current year	188	165	1,958	1,826
Reclassification to Operating from Capital Grant	—	—	—	—
Less: Funds received in prior year but revenue recognised and funds spent in current year	(438)	(345)	(962)	(1,634)
Unspent funds at 30 June	231	481	2,997	2,001
Contributions				
Unspent funds at 1 July	681	507	—	—
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	220	238	—	—
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(170)	(64)	—	—
Unspent contributions at 30 June	731	681	—	—

Accounting policy

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. 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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

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.

B2-4 Grants and contributions (continued)

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.

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)	62	29
– Cash and investments	382	646
– Deferred debtors	2	6
Total interest and investment income (losses)	446	681
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	34	15
General Council cash and investments	188	322
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	4	5
Water fund operations	121	189
Sewerage fund operations	86	103
Domestic waste management operations	13	47
Total interest and investment income	446	681

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
Rental income			
Other lease income			
Office Space / commercial / land		161	138
Housing		146	129
Other lease income		49	19
Total other lease income		356	286
Total rental income	C2-2	356	286
Total other income		356	286

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	11,266	10,599
Travel expenses	18	20
Employee leave entitlements (ELE)	1,071	1,090
ELE on-costs	9	—
Superannuation	1,243	1,139
Workers' compensation insurance	296	183
Fringe benefit tax (FBT)	17	16
Payroll tax	14	18
Training costs (other than salaries and wages)	162	142
Protective clothing	31	33
Relocation Cost	8	7
Other	18	54
Total employee costs	14,153	13,301
Less: capitalised costs	(983)	(949)
Total employee costs expensed	13,170	12,352
Number of 'full-time equivalent' employees (FTE) at year end	144	146
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	150	151

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
Consultancy costs		19	–
Raw materials and consumables		15,231	24,474
Contractor and consultancy costs		223	–
Contractor and consultancy costs			
– Garbage collection charges		862	803
– Contractor and consultancy costs – Administration		107	57
– Contractor and consultancy costs – Building & Planning		62	34
– Contractor and consultancy costs – Engineering		21	68
– Other contractor and consultancy costs		171	293
Audit Fees	F2-1	94	20
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	182	175
Advertising		41	64
Bank charges		78	75
Election expenses		101	–
Electricity and heating		547	540
Insurance		406	375
Office expenses (including computer expenses)		421	352
Postage		31	32
Printing and stationery		162	144
Street lighting		189	241
Subscriptions and publications		175	163
Telephone and communications		218	229
Tourism expenses (excluding employee costs)		5	–
Valuation fees		15	73
Commissions / agency fees		31	29
Licences and permits		60	10
Regional arts board		12	13
Other expenses		25	25
Legal expenses:			
– Legal expenses: planning and development		1	1
– Legal expenses: debt recovery		1	–
– Legal expenses: other		87	84
Expenses from leases of low value assets		2	2
Film and other hire expenses		12	18
Water Charges (fixed and volumetric)		215	187
Total materials and services		19,807	28,581
Less: capitalised costs		(8,799)	(15,265)
Total materials and services		11,008	13,316

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 loans		106	119
Total interest bearing liability costs		106	119
Total interest bearing liability costs expensed		106	119
– Remediation liabilities	C3-5	–	–

B3-3 Borrowing costs (continued)

	Notes	2022 \$ '000	2021 \$ '000
Total borrowing costs expensed		106	119

Accounting policy

Borrowing costs are expensed when incurred.

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		715	696
Office Furniture and Equipment		194	122
Land improvements (depreciable)		44	39
Infrastructure:	C1-6		
– Buildings – non-specialised		5	5
– Buildings – specialised		950	916
– Other structures		496	363
– Roads		2,902	2,818
– Bridges		75	75
– Footpaths		151	145
– Stormwater drainage		321	306
– Water supply network		1,383	891
– Sewerage network		906	871
Other assets:			
– Other		28	21
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	222	–
Total gross depreciation and amortisation costs		8,392	7,268
Total depreciation and amortisation costs		8,392	7,268
Total depreciation, amortisation and impairment for non-financial assets		8,392	7,268

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

Impairment of non-financial assets

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

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
Impairment of receivables			
Other		35	—
Total impairment of receivables	C1-4	35	—
Other			
Contributions/levies to other levels of government			
Contributions/levies to other levels of government		6	8
– Emergency services levy (includes FRNSW, SES, and RFS levies)		17	22
– NSW fire brigade levy		34	37
– NSW rural fire service levy		72	125
Donations, contributions and assistance to other organisations (Section 356):			
– Annual donations		25	23
– Discretionary donations, contributions and assistance		9	20
Remediation liability		266	2,669
Total other		429	2,904
Total other expenses		464	2,904

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		718	565
Less: carrying amount of plant and equipment assets sold/written off		(726)	(630)
Gain (or loss) on disposal		(8)	(65)
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(1,115)	–
Gain (or loss) on disposal		(1,115)	–
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		76	155
Less: carrying amount of real estate assets sold/written off		(73)	(132)
Gain (or loss) on disposal		3	23
Net gain (or loss) from disposal of assets		(1,120)	(42)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2021 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 -----	
Revenues				
Rates and annual charges	13,977	14,096	119	1% F
User charges and fees Due to increased Transport for NSW ordered works.	8,182	9,161	979	12% F
Other revenues	–	731	731	∞ F
Operating grants and contributions Due to a further 25% prepayment of Financial Assistance Grant's equalling \$1.3M. Council also changed recognition of Roads to Recovery grants from Capital to Operating of \$656k.	5,969	8,354	2,385	40% F
Capital grants and contributions Council was unable to complete its capital program with a portion being carried over to the 2022/23 year as is the related funding.	13,205	4,982	(8,223)	(62)% U
Interest and investment revenue Investment returns have been well down due to unpredictable market and falling interest rates.	516	446	(70)	(14)% U
Net gains from disposal of assets The net position for sale of assets was a loss.	250	–	(250)	(100)% U
Other income Other revenue covers a myriad of items such as sale of Water, cost recoveries and Roxy Theatre incomes which were all considerably down.	2,592	356	(2,236)	(86)% U

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	14,051	13,170	881	6% F
Materials and services	7,482	11,008	(3,526)	(47)% U
Generally all areas of Materials and Services were higher than expected just due to inflation however there are a number of items that do stand out which were, Main Street and silo painting projects (\$250k) and Roads Maintenance (\$900k). Coupled with this council budgeted a number of items as other expenses that are recorded as materials and services (\$2.7M).				
Borrowing costs	106	106	–	0% F
Depreciation, amortisation and impairment of non-financial assets	6,940	8,392	(1,452)	(21)% U
The original budget could not take into account the increase in the depreciation expenses in the valuation of Water and Sewerage Infrastructures. The change in valuation meant an increase in depreciation.				
Other expenses	3,042	464	2,578	85% F
Many items budgeted under Other Expenses were recorded under Materials and Services (\$2.7M).				
Net losses from disposal of assets	–	1,120	(1,120)	∞ U
The finishing of the Leeton Aquatic Centre carried forward (\$650k) and a landfill cell rehabilitation asset was disposed of earlier than expected (\$600k). While these items were reflected in the Budget Forecast they were not in the original budget.				
Statement of cash flows				
Cash flows from operating activities	20,162	13,483	(6,679)	(33)% U
Council originally budgeted to receive a large number of grants for its capital projects. Many of these projects were carried forward to the current year and as such the grants were not received (\$8.2M) coupled with lower than anticipated Other Income (\$2.2M) and higher than originally budgeted loss on asset disposals (\$1.1M) and Materials and Contracts (\$3.5M). These were offset by additional operating grants (\$2.0M) and Other Expenses (\$2.6M).				
Cash flows from investing activities	(20,606)	(11,144)	9,462	(46)% F
Council's capital income was heavily affected by non completions which in turn means payments were not made.				
Cash flows from financing activities	1,936	(464)	(2,400)	(124)% U
Council budgeted to take out a number of loans which did not eventuate.				

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	2,788	1,566
Cash equivalent assets		
– Deposits at call	12,219	11,566
Total cash and cash equivalents	15,007	13,132
 Total cash and cash equivalents per Statement of Financial Position	 15,007	 13,132
Balance as per the Statement of Cash Flows	15,007	13,132

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	18,110	10,000	25,500	4,000
FRN's (with maturities > 3 months)	2,650	4,500	650	3,700
Total	20,760	14,500	26,150	7,700
Total financial investments	20,760	14,500	26,150	7,700
Total cash assets, cash equivalents and investments	35,767	14,500	39,282	7,700

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.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in the Statement of Financial Position.

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

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

Financial assets through profit or loss

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

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

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

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	50,267	46,982
Less: Externally restricted cash, cash equivalents and investments	(36,280)	(33,626)
Cash, cash equivalents and investments not subject to external restrictions	13,987	13,356

External restrictions

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

External restrictions

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

Developer contributions – general	700	651
Developer contributions – water fund	31	30
Specific purpose unexpended grants – general fund	3,224	2,482
Water fund	17,320	16,757
Water supplies – carry over works	434	375
Sewer fund	5,703	7,615
Sewerage services – carry over works	3,873	1,792
Stormwater management	167	76
Deposits, retention and bonds	310	331
Domestic waste management	913	898
DWM - Landfill Provision	3,605	2,619
External restrictions	36,280	33,626
Total external restrictions	36,280	33,626

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	13,987	13,356
Less: Internally restricted cash, cash equivalents and investments	(9,631)	(11,417)
Unrestricted and unallocated cash, cash equivalents and investments	4,356	1,939

Internal allocations

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

Plant and vehicle replacement	1,269	2,000
Infrastructure replacement	1,682	2,000
Employees leave entitlement	1,371	1,328
Buildings	993	1,000
Childcare centre	245	200
Workers compensation equalisation	165	165
Aerodrome	200	200
Roads general	1,691	2,000
Sportsgrounds improvements	283	300
Swimming pool	520	950

continued on next page ...

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

	2022	2021
	\$ '000	\$ '000
Land development	690	800
Renewable Energy Efficiencies	120	120
Leeton Museum & Art Gallery	300	300
Mainstreet Project - Facade Painting	102	54
Total internal allocations	9,631	11,417

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

	2022	2021
	\$ '000	\$ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	4,356	1,939
--	--------------	--------------

C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	856	–	441	–
Interest and extra charges	62	–	49	–
User charges and fees	871	–	1,380	–
Accrued revenues				
– Interest on investments	239	–	267	–
– Other income accruals	2,088	–	45	–
Deferred debtors	60	286	65	45
Government grants and subsidies	87	–	54	–
Net GST receivable	198	–	352	–
Total	4,461	286	2,653	45
Less: provision for impairment				
Rates and annual charges	(11)	–	(11)	–
User charges and fees	(5)	–	(5)	–
Other debtors	(35)	–	–	–
Total provision for impairment – receivables	(51)	–	(16)	–
Total net receivables	4,410	286	2,637	45
Externally restricted receivables				
Water supply				
– Water Consumption Charges	170	–	327	–
– Rates and availability charges	98	–	78	–
– Other	–	20	27	4
Sewerage services				
– Accrued Income	–	–	117	–
– Rates and availability charges	142	–	57	–
– Other	210	263	42	10
Total external restrictions	620	283	648	14
Unrestricted receivables	3,790	3	1,989	31
Total net receivables	4,410	286	2,637	45

	2022 \$ '000	2021 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	16	16
Balance at the end of the year	16	16

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 2 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

COVID-19

Council's rates and user charges have not been significantly impacted by the COVID-19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

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	1,014	–	1,087	–
Stores and materials	152	–	118	–
Total inventories at cost	1,166	–	1,205	–
Total inventories	1,166	–	1,205	–

C1-5 Inventories (continued)

(ii) Other disclosures

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(a) Details for real estate development					
Residential		41	–	41	–
Industrial/commercial		950	–	1,023	–
Other properties		23	–	23	–
Total real estate for resale		1,014	–	1,087	–

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs		878	–	890	–
Development costs		136	–	197	–
Total costs		1,014	–	1,087	–
Total real estate for resale		1,014	–	1,087	–

Movements:

Real estate assets at beginning of the year		1,087	–	866	–
– WDV of sales (expense)	B4-1	(73)	–	(132)	–
Total real estate for resale		1,014	–	1,087	–

(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	678	878
	678	878

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.

Real Estate held for resale

Real Estate 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 Real Estate 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	Adjustments and transfers \$ '000	Write-off Assets decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	3,769	–	3,769	2,410	632	–	–	(2,268)	(80)	–	–	4,463	–	4,463
Plant and equipment	8,095	(1,660)	6,435	–	1,666	(726)	(715)	–	–	–	–	8,728	(2,068)	6,660
Office Furniture & Equipment	1,271	(242)	1,029	211	12	–	(194)	–	–	–	–	1,493	(435)	1,058
Land:														
– Operational land	5,148	–	5,148	–	–	–	–	–	–	–	–	5,148	–	5,148
– Community land	8,029	–	8,029	–	–	–	–	–	–	–	–	8,029	–	8,029
Land improvements – depreciable	1,763	(613)	1,150	117	26	–	(44)	56	–	–	114	2,143	(724)	1,419
Infrastructure:														
– Buildings – non-specialised	209	(15)	194	–	–	–	(5)	–	–	–	19	230	(22)	208
– Buildings – specialised	29,539	(2,599)	26,940	238	–	(62)	(950)	–	–	–	2,662	32,736	(3,908)	28,828
– Other structures	12,675	(1,058)	11,617	614	40	(608)	(496)	659	–	–	1,080	14,502	(1,596)	12,906
– Roads	82,839	(2,818)	80,021	1,882	–	–	(2,902)	531	–	–	4,988	90,608	(6,088)	84,520
– Bridges	4,639	(75)	4,564	–	–	–	(75)	–	–	–	290	4,938	(159)	4,779
– Footpaths	7,787	(145)	7,642	638	–	–	(151)	622	–	–	485	9,551	(315)	9,236
– Bulk earthworks (non-depreciable)	38,930	–	38,930	–	–	–	–	–	–	–	–	38,930	–	38,930
– Stormwater drainage	26,380	(305)	26,075	145	95	–	(321)	9	–	–	1,666	28,334	(665)	27,669
– Water supply network	88,032	(46,783)	41,249	693	29	–	(1,383)	108	–	–	2,285	93,906	(50,925)	42,981
– Sewerage network	62,150	(25,822)	36,328	291	–	–	(906)	283	–	–	2,030	66,285	(28,259)	38,026
Other assets:														
– Other assets	147	(44)	103	–	50	–	(28)	–	–	–	–	197	(72)	125
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	667	–	667	–	720	(445)	(222)	–	–	–	–	720	–	720
Total infrastructure, property, plant and equipment	382,069	(82,179)	299,890	7,239	3,270	(1,841)	(8,392)	–	(80)	–	15,619	410,941	(95,236)	315,705

(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	Adjustments and 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	4,885	–	4,885	1,964	1,135	–	–	(3,979)	(236)	–	3,769	–	3,769
Plant and equipment	8,051	(1,155)	6,896	–	865	(630)	(696)	–	–	–	8,095	(1,660)	6,435
Office equipment	585	(119)	466	–	525	–	(122)	160	–	–	1,271	(242)	1,029
Land:													
– Operational land	5,148	–	5,148	–	–	–	–	–	–	–	5,148	–	5,148
– Community land	8,029	–	8,029	–	–	–	–	–	–	–	8,029	–	8,029
Land improvements – depreciable	1,706	(574)	1,132	28	–	–	(39)	29	–	–	1,763	(613)	1,150
Infrastructure:													
– Buildings – non-specialised	209	(10)	199	–	–	–	(5)	–	–	–	209	(15)	194
– Buildings – specialised	28,079	(1,683)	26,396	298	458	–	(916)	704	–	–	29,539	(2,599)	26,940
– Other structures	7,736	(695)	7,041	3,600	313	–	(363)	1,026	–	–	12,675	(1,058)	11,617
– Roads	77,209	(1,087)	76,122	2,621	2,532	–	(2,818)	431	–	1,133	82,839	(2,818)	80,021
– Bridges	4,639	–	4,639	–	–	–	(75)	–	–	–	4,639	(75)	4,564
– Footpaths	7,736	–	7,736	51	–	–	(145)	–	–	–	7,787	(145)	7,642
– Bulk earthworks (non-depreciable)	38,930	–	38,930	–	–	–	–	–	–	–	38,930	–	38,930
– Stormwater drainage	25,706	–	25,706	273	152	–	(306)	250	–	–	26,380	(305)	26,075
– Water supply network	58,985	(35,130)	23,855	933	–	–	(891)	789	–	16,563	88,032	(46,783)	41,249
– Sewerage network	66,752	(37,428)	29,324	109	–	–	(871)	590	–	7,176	62,150	(25,822)	36,328
Other assets:													
– Other assets	113	(23)	90	–	34	–	(21)	–	–	–	147	(44)	103
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	–	–	–	–	667	–	–	–	–	–	667	–	667
Total infrastructure, property, plant and equipment	344,498	(77,904)	266,594	9,877	6,681	(630)	(7,268)	–	(236)	24,872	382,069	(82,179)	299,890

(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)

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment and Furniture	3 to 50	Playground equipment	5 to 20
Computer equipment	3 to 5	Benches, seats etc.	10 to 20
Vehicles	5 to 10		
Heavy plant/road making equipment	5 to 15	Buildings	
Other plant and equipment	5 to 15	Buildings: masonry	50 to 100
		Buildings: other	20 to 150
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to infinite
Water Treatment Plants	10 to 100	Culverts	50 to 100
Reticulation pipes	70 to 90	Flood control structures	60 to 100
Earthworks	160 to 180		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	12 to 20	Bulk earthworks	infinite
Sealed roads: structure	40 to 80	Swimming pools	50 to 60
Unsealed roads	20 to 150	Other open space/recreational assets	15 to 200
Bridges	80 to 100	Other infrastructure	15 to 100
Other Road Assets	20 to 100	Tip Assets	2 to 5
Kerb, gutter and footpaths	20 to 100		

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

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 *Land Under Roads*.

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C1-2.

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

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 fire fighting equipment has been purchased or constructed".

However, pursuant to the Council's Rural Fire District Agreement with the Commissioner of the NSW Rural Fire Service, the Council has transferred substantially all of the rights and obligations in respect to all fire fighting equipment vested in the Council to the Commissioner for the foreseeable future. In accordance with the requirements of the Australian Accounting Standards and the Code of Accounting Practice, the Leeton Shire Council has continued not to recognise in their financial statements any rural firefighting plant and equipment assets that have been "vested" in Council.

Until such times as discussions on this matter have concluded and the legislation changed, Council will not recognise the rural fire service's plant and vehicles.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land:	All purchases are capitalised, but land resumed for public works need not be capitalised if the resumption costs are less than \$5,000.
Buildings and Land Improvements:	Capital expenses totalling less than \$2,000 need not be capitalised.
Plant & Equipment and Office Furniture & Equipment:	Capital expenses totalling less than \$1,000 need not be capitalised.
Water & Sewer Assets:	Capital expense totalling less than \$5,000 need not be capitalised.
Stormwater Assets:	Capital expense totalling less than \$5,000 need not be capitalised.
Transport Assets:	Capital expense totalling less than \$10,000 on any road or other asset need not be capitalised.
Other Infrastructure Assets:	Capital expenses on swimming pools less than \$10,000 or on any other recreational asset less than \$1,000 need not be capitalised

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	5	–	5	108	–	108
Plant and equipment	139	60	79	139	45	94
Office equipment	8	8	–	8	7	1
Buildings	932	151	781	846	103	743
Other structures	67	8	59	60	5	55
Infrastructure	93,907	50,925	42,982	88,032	46,783	41,249
Total water supply	95,058	51,152	43,906	89,193	46,943	42,250
Sewerage services						
WIP	241	–	241	292	–	292
Plant and equipment	285	116	169	285	87	198
Buildings	375	62	313	339	39	300
Other structures	199	22	177	159	14	145
Infrastructure	66,286	28,259	38,027	62,150	25,822	36,328
Total sewerage services	67,386	28,459	38,927	63,225	25,962	37,263
Domestic waste management						
Plant and equipment	477	124	353	379	94	285
Land						
– Operational land	494	–	494	494	–	494
– Improvements – depreciable	182	9	173	68	3	65
Buildings	1,155	84	1,071	505	7	498
Other structures	317	60	257	–	–	–
Tip Assets	720	–	720	667	–	667
Total domestic waste management	3,345	277	3,068	2,113	104	2,009
Total restricted infrastructure, property, plant and equipment	165,789	79,888	85,901	154,531	73,009	81,522

C1-7 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
Water Licences		
Opening values at 1 July		
Gross book value	8,316	8,371
Net book value – opening balance	8,316	8,371
Movements for the year		
– Revaluation	1,249	(55)
Closing values at 30 June		
Gross book value	9,565	8,316
Total Water Licences – net book value	9,565	8,316
 Total intangible assets – net book value	 9,565	 8,316

Accounting policy

Council holds a number of high and general security water licences which it recognises as an intangible asset.

- The water licences are individually tradable on the open water licence sales market.
- The licences were obtained principally through land acquisitions where the water licence was attached to the land.
- The water licences are individually tradable separate from the land and can be sold on a permanent or temporary basis.
- Income received from the sale of water entitlements are disclosed as other revenue.
- No amortisation costs are applicable, as high and general security licences have an indefinite life.
- Water licences purchased are initially recorded at cost and are revalued annually based on market evidence.
- Water licences are tested for impairment annually based on market evidence. If the recoverable amount is less than the carrying amount the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss.

C2 Leasing activities

C2-1 Council as a lessee

Office equipment

Leases for office equipment are generally for low value assets. The leases are for 5 years with no renewal option, the payments are fixed.

(a) Income Statement

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

	2022 \$ '000	2021 \$ '000
Expenses relating to low-value leases	2	2
	2	2

(b) Statement of Cash Flows

Total cash outflow for leases	2	2
	2	2

C2-1 Council as a lessee (continued)

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

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

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

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

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

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

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

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for 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 no concessionary leases or below market value leases.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups, training providers, emergency services, businesses and individuals. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 *Investment Property* as they are held for strategic purposes.

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

	2022 \$ '000	2021 \$ '000
(i) Operating lease expenses		
Operating expenses from property that generated rental income	451	400
Total expenses relating to operating leases	451	400
Council does not lease any Property, Plant or Equipment .		
Lease income (excluding variable lease payments not dependent on an index or rate)	356	286
Total income relating to operating leases for Council assets	356	286

C2-2 Council as a lessor (continued)

(ii) Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2022 \$ '000	Plant & Equipment 2021 \$ '000
Opening balance as at 1 July	4,702	4,694
Additions renewals	132	93
Depreciation expense	(181)	(178)
WIP transfers	–	93
Revaluation increments to equity (ARR)	442	–
Closing balance as at 30 June	5,095	4,702
	2022 \$ '000	2021 \$ '000

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	177	174
1–2 years	137	136
2–3 years	137	136
3–4 years	97	98
4–5 years	97	98
> 5 years	100	102
Total undiscounted lease payments to be received	745	744

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
Goods and services	1,272	–	1,652	–
Accrued expenses:				
– Accrued Interest on Borrowings	165	–	28	–
– Salaries and wages	506	–	420	–
– Other expenditure accruals	52	–	130	–
Security bonds, deposits and retentions	387	–	333	–
Prepaid rates	470	–	179	–
Total payables	2,852	–	2,742	–

Payables relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	19	–	1	–
Payables relating to externally restricted assets	19	–	1	–
Total payables relating to restricted assets	19	–	1	–
Total payables relating to unrestricted assets	2,833	–	2,741	–
Total payables	2,852	–	2,742	–

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

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,228	–	1,744	–
Unexpended operating grants (enforceable contracts)	(ii)	–	–	294	–
Total grants received in advance		3,228	–	2,038	–

User fees and charges received in advance:

C3-2 Contract Liabilities (continued)

		2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
	Notes				
Child Care Fees in Advance - Leeton					
Early Learning Centre	(iii)	39	—	8	—
Other		—	—	359	—
Total user fees and charges received in advance		39	—	367	—
Total contract liabilities		3,267	—	2,405	—

Notes

(i) Council has received funding to construct assets including Roxy Theatre, Canal Street Upgrade, Drought Relief Round #3 & CBD Enhancement Projects and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 1058 being an enforceable contract.

(iii) Childcare fees are paid 2 weeks in advance with 2 weeks notice required for non-attendance/cancellation. No option for refunds is available if the child does not attend. Parents sign an enrolment form that details all the relevant terms and conditions. Revenue is recognised as Council provides the service.

Contract liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,228	—	2,003	—
Contract liabilities relating to externally restricted assets	3,228	—	2,003	—
Total contract liabilities relating to unrestricted assets	39	—	402	—
Total contract liabilities	3,267	—	2,405	—

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)	1,329	238
Operating grants (received prior to performance obligation being satisfied)	141	1,371
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,470	1,609

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	417	2,434	464	2,851
Total borrowings	417	2,434	464	2,851

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

Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

Borrowings relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Total borrowings relating to unrestricted assets	417	2,434	464	2,851
Total borrowings	417	2,434	464	2,851

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.

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2021 Opening Balance \$ '000	Cash flows \$ '000	2022 Closing balance \$ '000
Loans – secured	3,315	(464)	2,851
Total liabilities from financing activities	3,315	(464)	2,851

	2020 Opening Balance \$ '000	Cash flows \$ '000	2021 Closing balance \$ '000
Loans – secured	3,758	(443)	3,315
Total liabilities from financing activities	3,758	(443)	3,315

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Bank overdraft facilities ¹	545	545
Credit cards/purchase cards	100	50
Total financing arrangements	645	595
Drawn facilities		
– Credit cards/purchase cards	18	16
Total drawn financing arrangements	18	16
Undrawn facilities		
– Bank overdraft facilities	545	545
– Credit cards/purchase cards	82	34
Total undrawn financing arrangements	627	579

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Council's loans are secured by future cash flows.

Leased liabilities are secured by the underlying leased assets.

Bank overdrafts

The bank overdraft of Council is secured by future cashflows of Council.

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

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

C3-3 Borrowings (continued)

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

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

Borrowing costs are expensed when incurred.

C3-4 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	1,104	–	969	–
Long service leave	1,646	163	1,603	272
ELE on-costs	64	7	49	5
Total employee benefit provisions	2,814	170	2,621	277

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	1,814	1,621
	1,814	1,621

Description of and movements in provisions

	ELE provisions			
	Annual leave \$ '000	Long service leave \$ '000	ELE on-costs \$ '000	Total \$ '000
2022				
At beginning of year	969	1,875	54	2,898
Remeasurement effects	(16)	(316)	201	(131)
Other	151	250	(184)	217
Total ELE provisions at end of year	1,104	1,809	71	2,984
2021				
At beginning of year	852	1,777	37	2,666
Remeasurement effects	20	(11)	12	21
Other	97	109	5	211
Total ELE provisions at end of year	969	1,875	54	2,898

C3-4 Employee benefit provisions (continued)

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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)	–	4,322	–	3,336
Sub-total – asset remediation/restoration	–	4,322	–	3,336
Total provisions	–	4,322	–	3,336

Provisions relating to restricted assets

Externally restricted assets

Domestic waste management	–	4,322	–	3,336
Provisions relating to externally restricted assets	–	4,322	–	3,336
Total provisions relating to restricted assets	–	4,322	–	3,336
Total provisions	–	4,322	–	3,336

C3-5 Provisions (continued)

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2022		
At beginning of year	3,336	3,336
Unwinding of discount	266	266
Additional provisions	621	621
Remeasurement effects	99	99
Total other provisions at end of year	4,322	4,322

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 a borrowing cost.

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.

Water Licences

The reserve for high security water licences is used to record increments/decrements in the value of tradable water licences.

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	10,096	1,507	2,493
User charges and fees	6,393	2,491	277
Interest and investment revenue	239	121	86
Other revenues	682	47	2
Grants and contributions provided for operating purposes	8,288	36	30
Grants and contributions provided for capital purposes	4,734	132	116
Other income	356	–	–
Total income from continuing operations	30,788	4,334	3,004
Expenses from continuing operations			
Employee benefits and on-costs	10,104	1,869	1,197
Materials and services	9,235	1,069	704
Borrowing costs	106	–	–
Depreciation, amortisation and impairment of non-financial assets	5,999	1,434	959
Other expenses	249	215	–
Net losses from the disposal of assets	1,120	–	–
Total expenses from continuing operations	26,813	4,587	2,860
Operating result from continuing operations	3,975	(253)	144
Net operating result for the year	3,975	(253)	144
Net operating result attributable to each council fund	3,975	(253)	144
Net operating result for the year before grants and contributions provided for capital purposes	(759)	(385)	28

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	9,650	3,785	1,572
Investments	10,760	4,000	6,000
Receivables	3,790	268	352
Inventories	1,166	—	—
Other	49	—	—
Total current assets	25,415	8,053	7,924
Non-current assets			
Investments	2,500	10,000	2,000
Receivables	3	20	263
Infrastructure, property, plant and equipment	232,873	43,906	38,926
Intangible assets	9,565	—	—
Total non-current assets	244,941	53,926	41,189
Total assets	270,356	61,979	49,113
LIABILITIES			
Current liabilities			
Payables	2,833	19	—
Contract liabilities	3,267	—	—
Borrowings	417	—	—
Employee benefit provision	2,814	—	—
Total current liabilities	9,331	19	—
Non-current liabilities			
Borrowings	2,434	—	—
Employee benefit provision	170	—	—
Provisions	4,322	—	—
Total non-current liabilities	6,926	—	—
Total liabilities	16,257	19	—
Net assets	254,099	61,960	49,113
EQUITY			
Accumulated surplus	90,194	25,369	21,173
Revaluation reserves	163,905	36,591	27,940
Council equity interest	254,099	61,960	49,113
Total equity	254,099	61,960	49,113

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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 ¹ \$ '000	Fair value 2021 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	15,007	13,132	15,007	13,132
Receivables	4,696	2,682	4,696	2,458
Investments				
– Debt securities at amortised cost	35,260	33,850	35,260	33,850
Total financial assets	54,963	49,664	54,963	49,440
Financial liabilities				
Payables	2,852	2,742	2,212	2,563
Loans/advances	2,851	3,315	2,851	3,315
Total financial liabilities	5,703	6,057	5,063	5,878

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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 area 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.

(1) Refer to Note E1-1(c)

(a) Market risk – interest rate and price risk

	2022	2021
	\$ '000	\$ '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	503	467

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.

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

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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	470	386	–	856
2021				
Gross carrying amount	258	4	–	262

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	3,822	1	–	68	–	3,891
Expected loss rate (%)	0.00%	0.00%	1.50%	1.50%	1.50%	0.03%
ECL provision	–	–	–	1	–	1
2021						
Gross carrying amount	807	417	588	153	292	2,257
Expected loss rate (%)	0.00%	0.00%	1.50%	1.50%	1.50%	0.69%
ECL provision	–	–	9	2	4	15

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							
Payables	0.00%	387	2,465	–	–	2,852	2,852
Borrowings	3.32%	–	417	770	1,664	2,851	2,851
Total financial liabilities		387	2,882	770	1,664	5,703	5,703
2021							
Payables	0.00%	333	2,409	–	–	2,742	2,742
Borrowings	3.50%	–	464	1,372	1,479	3,315	3,315
Total financial liabilities		333	2,873	1,372	1,479	6,057	6,057

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

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
- Intangibles

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).

E2-1 Fair value measurement (continued)

Recurring fair value measurements

		Fair value measurement hierarchy									
		Date of latest comprehensive valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
\$ '000	Notes	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements											
Infrastructure, property, plant and equipment	C1-6										
Plant and equipment		30/06/18	30/06/18	—	—	—	—	6,660	6,435	6,660	6,435
Office Furniture & Equipment		30/06/18	30/06/18	—	—	—	—	1,058	1,029	1,058	1,029
Operational land		30/06/18	30/06/18	—	—	5,148	5,148	—	—	5,148	5,148
Community land		30/06/18	30/06/18	—	—	—	—	8,029	8,029	8,029	8,029
Land improvements		30/06/18	30/06/18	—	—	—	—	1,419	1,150	1,419	1,150
Buildings – specialised		30/06/18	30/06/18	—	—	—	—	28,828	26,940	28,828	26,940
Buildings – non-specialised		30/06/18	30/06/18	—	—	208	194	—	—	208	194
Other structures		30/06/18	30/06/18	—	—	—	—	12,906	11,617	12,906	11,617
Roads		30/06/20	30/06/20	—	—	—	—	84,520	80,021	84,520	80,021
Bridges		30/06/20	30/06/20	—	—	—	—	4,779	4,564	4,779	4,564
Footpaths		30/06/20	30/06/20	—	—	—	—	9,236	7,642	9,236	7,642
Bulk earthworks		30/06/20	30/06/20	—	—	—	—	38,930	38,930	38,930	38,930
Stormwater drainage		30/06/20	30/06/20	—	—	—	—	27,669	26,075	27,669	26,075
Water supply network		30/06/21	30/06/21	—	—	—	—	42,981	41,249	42,981	41,249
Sewerage network		30/06/21	30/06/21	—	—	—	—	38,026	36,328	38,026	36,328
Tip Assets		30/06/21	30/06/21	—	—	—	—	720	667	720	667
Other assets		30/06/18	30/06/18	—	—	—	—	125	103	125	103
Total infrastructure, property, plant and equipment				—	—	5,356	5,342	305,886	290,779	311,242	296,121
Intangible assets											
Water Licences		30/06/22	30/06/21	9,565	8,316	—	—	—	—	9,565	8,316
Total intangible assets				9,565	8,316	—	—	—	—	9,565	8,316

E2-1 Fair value measurement (continued)

Valuation techniques

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

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Leeton Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value on all its asset classes.

Cost Approach

A valuation technique that reflects the amount that could be required to replace the service capacity of an asset.

Income Approach

Valuation technique that converts future amounts (cash flows or income and expenses) to a single current (discount) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Market Approach

A valuation technique that uses prices and other relevant information, generated by the market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as a business.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council assesses the expertise required for the valuation of all assets classes in determining who will undertake the valuations. All asset classes with the exception of Operational and Community Land and Buildings are undertaken by Council's assets officer in conjunction with the various technical staff.

Operational Land and Building valuations are conducted by a qualified external valuer, Community Land is valued using the Valuer Generals valuation.

Management reviews the valuations reports for consistency and accuracy and to ensure all valuations movements are fully explained.

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
Plant, equipment, furniture, fittings and office equipment	Cost used to approximate fair value	Gross replacement cost, useful life and residual value
Community Land	Rate per square metre. \$0.03 - \$120.15	Land value, land area
Land Improvements	Cost used to approximate fair value	Asset condition, remaining lives, residual value
Specialised buildings	Cost approach based on sq metre rate	Asset condition, consumption rate, remaining lives
Other structures (Includes Swimming Pools and other Recreational assets)	Cost used to approximate fair value	Gross replacement cost, useful life and residual value or Asset Condition, consumption rate and remaining life.
Roads, bridges, footpaths, bulkworks	Unit rates per sq metre or length	Asset condition, remaining lives, residual value
Stormwater drainage	Unit rates per sq metre or length	Asset condition, remaining lives, residual value
Water Supply and Sewerage Network	Based on NSW Office of Water Reference Rates Manual	Asset condition, pattern of consumption, residual value, components, dimensions and specification, unit rates
Other assets	Cost used to approximate fair value	Gross replacement cost, useful life and residual value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Tip Assets	Cost used to approximate fair value	Gross replacement cost, useful life and residual value or Asset Condition, consumption rate and remaining life.

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

	Total IPP&E	
	2022	2021
	\$ '000	\$ '000
Opening balance	290,779	256,362
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	15,600	24,872
Other movements		
Transfers from/(to) another asset class	2,268	3,979
Purchases (GBV)	7,467	13,459
Disposals (WDV)	(1,841)	(630)
Depreciation and impairment	(8,387)	(7,263)
Closing balance	305,886	290,779

E2-1 Fair value measurement (continued)

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

There are no transfers into or out of the level 3 fair 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

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 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 for 1 July 2019 to 30 June 2021 and \$20.0 million per annum for 1 January 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.

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

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

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

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

E3-1 Contingencies (continued)

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

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 2021 was \$125,626.53. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$49,722.72. Council's expected contribution to the plan for the next annual reporting period is \$108,950.16.

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

Employer 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 member accounts and reserves in both assets and liabilities.

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

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

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 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.

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.

E3-1 Contingencies (continued)

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.

(ii) S7.11 & 7.12 Plans

Council levies section S7.11 and S7.12A contributions upon various developments across the Council area through the required contribution plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's general funds.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans.

(iii) Tips and quarries

Council operates tips and quarries and will have to rehabilitate the sites at some future date. As at 30 June 2022 Council is unable to reliably estimate the financial cost of such work.

(iv) Deferred Trade Waste fees

Council has responded to a request for leniency, with regard to Trade Waste Fees, by offering to potentially reduce the amount owing if the organisation undertakes a specific improvement program in a timely fashion. Council cannot provide a value on this agreement as there is no way to be sure how much, if any, reduction will be granted.

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.

(iii) Riverina and Murray Joint Organisation

Council is a member of the Riverina and Murray Joint Organisation (RAMJO), established under the *Local Government Act 1993 (NSW)* together with the Albury City, Berrigan Shire, Carrathool Shire, Edward River, Federation, Griffith City, Hay Shire, Murray River, Murrumbidgee and Narrandera Shire Councils. Council has not recognised our share of the net assets of the Joint Organisation based on materiality and accordingly these have not been included as part of the primary financial statements.

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	1,054	854
Post-employment benefits	83	63
Other long-term benefits	19	14
Termination benefits	—	29
Total	1,156	960

F1-1 Key management personnel (KMP) (continued)

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.

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Airconditioning Maintenance and Servicing	1	34	3	30 day terms on invoices, market value	–	–
Consultancy - Director	2	–	–	14 day terms on invoices, market value	–	–
2021						
Airconditioning Maintenance and Servicing	1	7	–	30 day terms on invoices, market value	–	–
Consultancy - Director	2	172	–	14 day terms on invoices, market value	–	–

1 Council transacts with the KMP controlled Weston and Weston. Contracts are awarded through a competitive procurement process.

2 Council has entered into an agreement with Star Advisory for the provision of consultancy.

F1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	29	26
Councillors' fees	112	109
Other Councillors' expenses (including Mayor)	41	40
Total	182	175

F2 Other relationships

F2-1 Audit fees

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

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

	67	5
--	----	---

Remuneration for audit and other assurance services

	67	5
--	----	---

Total Auditor-General remuneration

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other audit and assurance services

	3	3
--	---	---

Internal Audit

	24	12
--	----	----

Remuneration for audit and other assurance services

	27	15
--	----	----

Total remuneration of non NSW Auditor-General audit firms

	94	20
--	----	----

Total audit fees

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022 \$ '000	2021 \$ '000
Net operating result from Income Statement	3,866	2,501
Add / (less) non-cash items:		
Depreciation and amortisation	8,392	7,268
(Gain) / loss on disposal of assets	1,120	42
Unwinding of discount rates on reinstatement provisions	266	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,813)	(443)
Increase / (decrease) in provision for impairment of receivables	35	–
(Increase) / decrease of inventories	(34)	(2)
(Increase) / decrease of other current assets	10	9
Increase / (decrease) in payables	(380)	(74)
Increase / (decrease) in accrued interest payable	–	(7)
Increase / (decrease) in other accrued expenses payable	8	3
Increase / (decrease) in other liabilities	345	171
Increase / (decrease) in contract liabilities	862	93
Increase / (decrease) in employee benefit provision	86	232
Increase / (decrease) in other provisions	720	2,690
Net cash flows from operating activities	13,483	12,483

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	5,118	75
Plant and equipment	152	–
Water infrastructure	255	–
Sewer infrastructure	391	170
Roads and drainage	269	142
Other Structures	335	1,015
Total commitments	6,520	1,402

These expenditures are payable as follows:

Within the next year	6,520	1,402
Total payable	6,520	1,402

Sources for funding of capital commitments:

Unrestricted general funds	1,088	336
Unexpended/Future grants/Contract	3,784	896
Externally restricted reserves	1,148	170
New loans (to be raised)	500	–
Total sources of funding	6,520	1,402

Details of capital commitments

Capital commitments includes Purchase Orders raised but items not yet supplied, unfinished works and revoted works.

G3 Changes from prior year statements

G3-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Changes in accounting policies due to adoption of new accounting standards (retrospective)

Council made no retrospective changes in accounting policies due to adoption of new accounting standards.

G3-2 Correction of errors

Council has no prior year adjustments.

G3-3 Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

Council changed recognition of Roads to Recovery funding from capital to operating in line with OLG guidelines. This does not affect the operating result including capital grants but does affect the operating result excluding capital grants

Nature and effect of changes in accounting estimates on future years

There is expected to be no material difference in the accounting estimates in future years.

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 - Cash \$ '000	Interest and investment income earned \$ '000	Amounts expended \$ '000	Held as restricted asset at 30 June 2022 \$ '000
Drainage	16	–	–	–	16
Traffic facilities	38	–	–	–	38
Recreation facilities	–	–	–	–	–
Plan administration	1	–	–	–	1
S7.11 contributions – under a plan	55	–	–	–	55
S7.12 levies – under a plan	596	116	4	(71)	645
Total S7.11 and S7.12 revenue under plans	651	116	4	(71)	700
S64 contributions	30	101	–	(100)	31
Total contributions	681	217	4	(171)	731

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 - Cash \$ '000	Interest and investment income earned \$ '000	Amounts expended \$ '000	Held as restricted asset at 30 June 2022 \$ '000
LEETON S7.11 FIXED LEVY PLAN					
Drainage	16	-	-	-	16
Traffic facilities	38	-	-	-	38
Plan administration	1	-	-	-	1
Total	55	-	-	-	55

S7.12 Levies – under a plan

Leeton S7.12 Fixed Levy Plan

Section S7.12	596	116	4	(71)	645
Total	596	116	4	(71)	645

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	39	0.12%	(13.88)%	8.28%	9.52%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	33,144					
2. Own source operating revenue ratio *						
Total continuing operating revenue excluding all grants and contributions ¹	24,790	65.02%	59.63%	70.93%	73.91%	> 60.00%
Total continuing operating revenue	38,126					
3. Unrestricted current ratio						
Current assets less all external restrictions	18,314	4.27x	3.41x	4.34x	4.34x	> 1.50x
Current liabilities less specific purpose liabilities	4,289					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,537	14.98x	5.35x	21.83x	21.95x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	570					
5. Rates, annual charges, interest and extra charges outstanding percentage *						
Rates and annual charges outstanding	907	6.20%	3.49%	1.82%	4.52%	< 10.00%
Rates and annual charges collectable	14,637					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	43,117	19.57 months	17.58 months	25.05 months	22.71 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,203					

(1) Excludes fair value adjustments, reversal of revaluation decrements and net gain on sale of assets.

(2) Excludes impairment/revaluation decrements and net loss on sale of assets.

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	1.52%	(24.45)%	(9.16)%	14.80%	0.97%	17.52%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio *							
Total continuing operating revenue excluding capital grants and contributions ¹	57.70%	48.99%	96.12%	97.88%	95.14%	98.82%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.27x	3.41x	423.84x	14,826.00 x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.41x	(0.32)x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage *							
Rates and annual charges outstanding	8.53%	4.86%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	17.14	14.48	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

(1) - (2) Refer to Notes at Note G5-1 above.

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

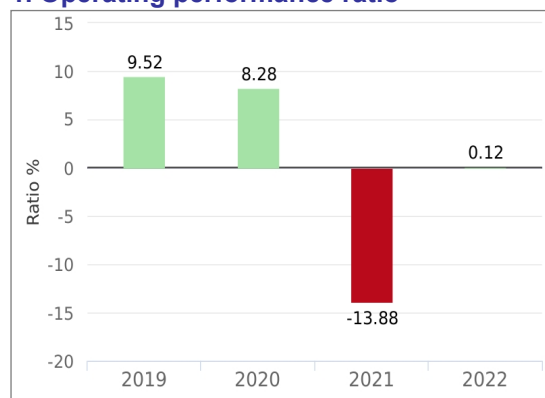
* These 2 ratios have had the pensioner subsidies removed from the 2018/19 amounts due to changes in the 2019/20 Accounting Code. This change is to ensure comparatives remain consistent.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

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 0.12%

While the result is on the benchmark, this is only because of the additional User Fees and additional FAG's prepayment. Without these extraordinary items Council would have been below the benchmark. Notwithstanding this, Council's result is a worsening trend.

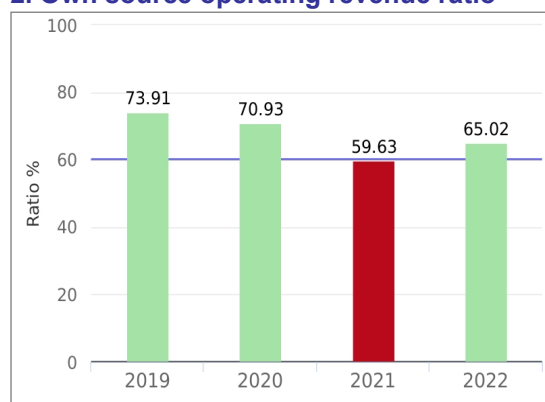
Benchmark: — > 0.00%

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 65.02%

While above the benchmark this ratio is still showing a steady decline.

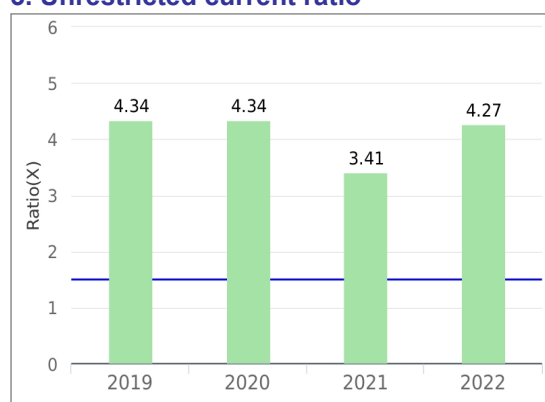
Benchmark: — > 60.00%

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 4.27x

While well above the benchmark this ratio is still in decline even after taking into account the additional extraordinary income during 2022.

Benchmark: — > 1.50x

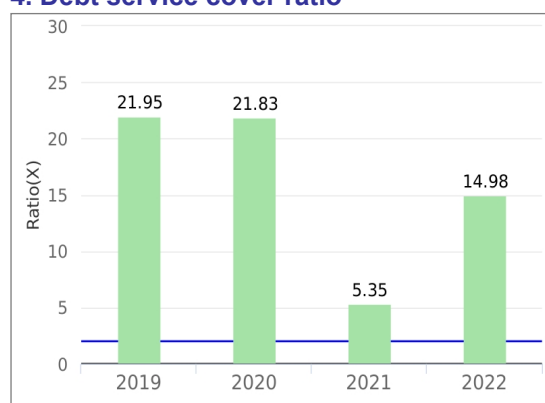
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2021/22 result

2021/22 ratio 14.98x

Council still has a strong capacity to borrow if reasonably required.

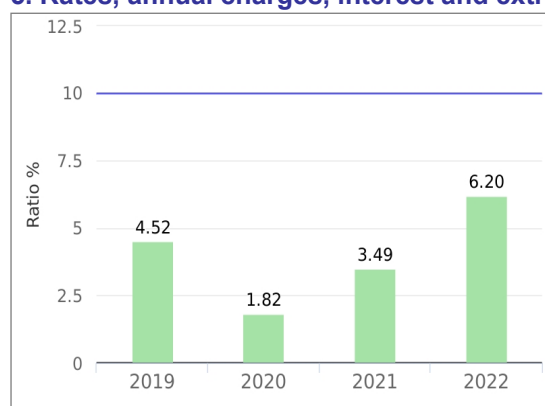
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage *



Purpose of rates, annual charges, interest and extra charges outstanding

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2021/22 result

2021/22 ratio 6.20%

While well within the benchmark Council has seen this ratio worsen over the last 2 years.

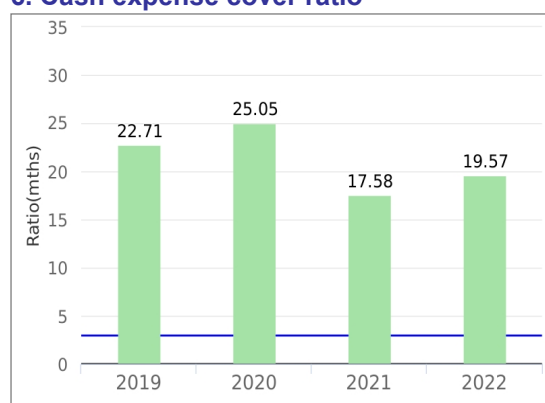
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2021/22 result

2021/22 ratio 19.57 months

Council is well above this benchmark

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

23-25 Chelmsford Place
Leeton NSW 2705

Contact details**Mailing Address:**

23-25 Chelmsford Place
Leeton NSW 2705

Telephone: 02 6953 0911

Facsimile: 02 6953 0977

Opening hours:

Office Hours: 8:30am to 5:00pm

Cashier Hours: 9:00am to 4:00pm (Mon - Fri)

Internet: www.leeton.nsw.gov.au

Email: council@leeton.nsw.gov.au

Officers**General Manager**

Jackie Kruger

Responsible Accounting Officer

Lawrence Amato

Public Officer

Mandy Rogers

Auditors

NSW Audit Office
Level 15, 1 Margaret Street
Sydney NSW 2000

Elected members**Mayor**

Cr Tony Reneker

Councillors

Cr Michael Kidd (Deputy Mayor)

Cr George Weston

Cr Paul Smith

Cr Tracey Morris

Cr Matthew Holt

Cr Tony Ciccio

Cr Sandra Nardi

Cr Krystal Maytom

Other information

ABN: 59 217 957 665

Leeton Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Leeton Shire Council

To the Councillors of Leeton Shire Council

Qualified Opinion

I have audited the accompanying financial statements of Leeton Shire 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-6 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that commenced on 1 January 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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 qualified 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.

A handwritten signature in black ink, appearing to read 'Soh' with a stylized flourish underneath.

Hong Wee Soh
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY

Leeton Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report



Cr Tony Reneker
Mayor
Leeton Shire Council
23-25 Chelmsford Place
LEETON NSW 2705

Contact: Hong Wee Soh
Phone no: 02 9275 7397
Our ref: D2222728/1753

28 October 2022

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2022 Leeton Shire Council

I have audited the general purpose financial statements (GPFS) of the Leeton Shire 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 a modified 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of the audit.

Non-recognition of rural fire-fighting equipment

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that commenced on 31 August 2011.

- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

As disclosed in Note C1-6 to the financial statements, the Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.





Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified.

Refer to the Independent Auditor's report on the GPFS.

INCOME STATEMENT

Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	14.1	13.4	 5.2
Grants and contributions revenue	13.3	15.5	 14.2
Operating result from continuing operations	3.9	2.5	 56
Net operating result before capital grants and contributions	(1.1)	(4.4)	 75

Rates and annual charges revenue increased by \$0.7 million (5.2 per cent) to \$14.1 million in 2021–22. The increase is consistent with an increase in ordinary rates in line with the 2% rate peg and an increase in the total number of rateable properties.

Grants and contributions revenue decreased by \$2.2 million (14.2 per cent) to \$13.3 million in 2021–22 due to the following:

- project fundings that are not yet recognised as revenue during the year due to performance obligations not fully met; and
- one off recreation and culture grants received in 2021.

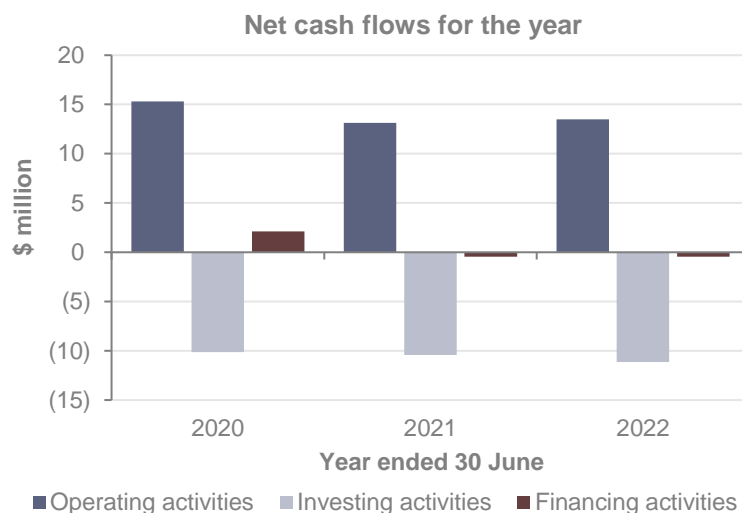
The Council's operating result from continuing operations of \$3.9 million was \$1.4 million higher than the 2020–21 result. The increase is due to the following:

- increase in user charges and fees income this year as a result of additional payments received from Transport for NSW for works on state roads not controlled by the Council;
- lower materials and services expense this year; and
- higher expenses recognised in 2021 due to first time recognition of a remediation liability.

The net operating result before capital grants and contributions was a deficit of \$1.1 million (\$3.3 million improvement from the 2020–21 result). The improvement is largely due to the factors increase in user charges and fee income and lower materials and services expense this year.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$15.0 million (\$13.1 million for the year ended 30 June 2021). There was a net increase of cash and cash equivalents of \$1.9 million during the 2021-22 financial year.
- Net cash used in investing activities has increased by \$1.4 million. The increase is due to purchase of investments during the year amounting to \$3.2 million.
- There were no significant movements in the net cash flows from financing activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	50.2	47.0	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$3.3 million is mainly due to an increase of specific purpose unexpended grants (general fund) by \$1.5 million, and an increase in sewerage services (carry over works) by \$2.1 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	36.2	33.7	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of work and any forward plans identified by Council. The decrease of \$1.8 million is mainly due to a \$0.7 million reduction in plant and vehicle replacement and a \$0.3 million reduction in infrastructure replacement. Unrestricted cash and investments is \$4.4 million, which is available to provide liquidity for day-to-day operations of the Council.
• Internal allocations	9.6	11.4	
• Unrestricted	4.4	1.9	

Debt

Council has \$2.9 million of external borrowings (2021: \$3.3 million) which is secured over the revenue of Council. Council also has a \$0.5 million bank overdraft facility (2021: \$0.5 million) which was undrawn as at 30 June 2022.

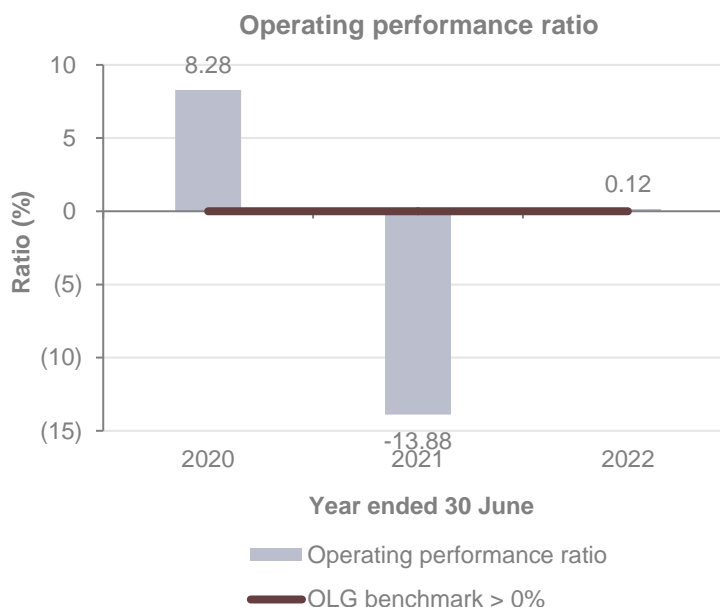
PERFORMANCE

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 '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.
- The Council met the OLG benchmark for the current reporting period.
- The operating performance ratio increased to 0.12 per cent (2021: (13.88 per cent)) due to the increase in user charges and fees and additional financial assistance grants received in the current year. The prior year also included \$2.7 million of remediation expenses for first time recognition of a remediation liability for landfill.



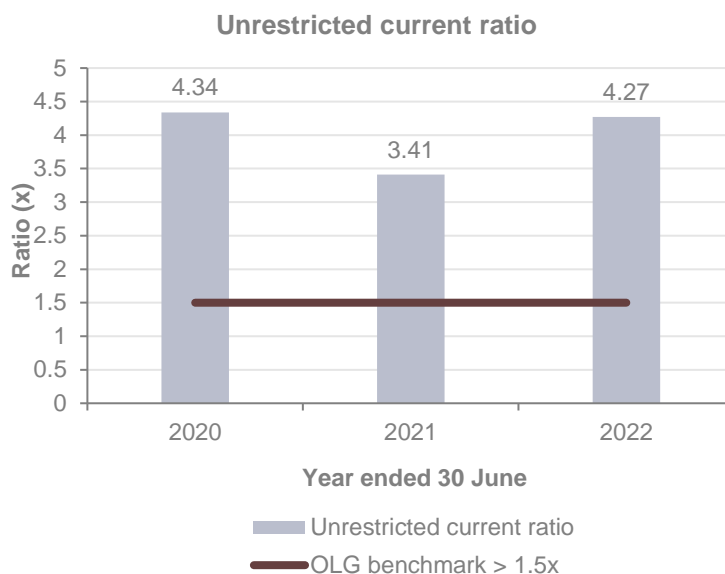
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures the 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.
- The Council exceeded the OLG benchmark for the current reporting period.
- The own source operating revenue ratio increased to 65.02 per cent (2021: 59.63 per cent) due to the increase in rates and annual charges and user charges and fees.



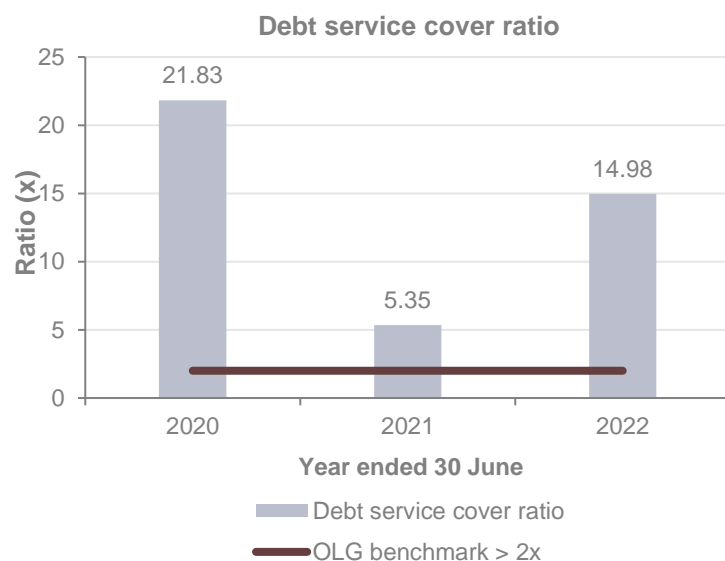
Unrestricted current ratio

- 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.
- The Council exceeded the OLG benchmark for the current reporting period.
- The unrestricted current ratio remains relatively consistent to prior year.



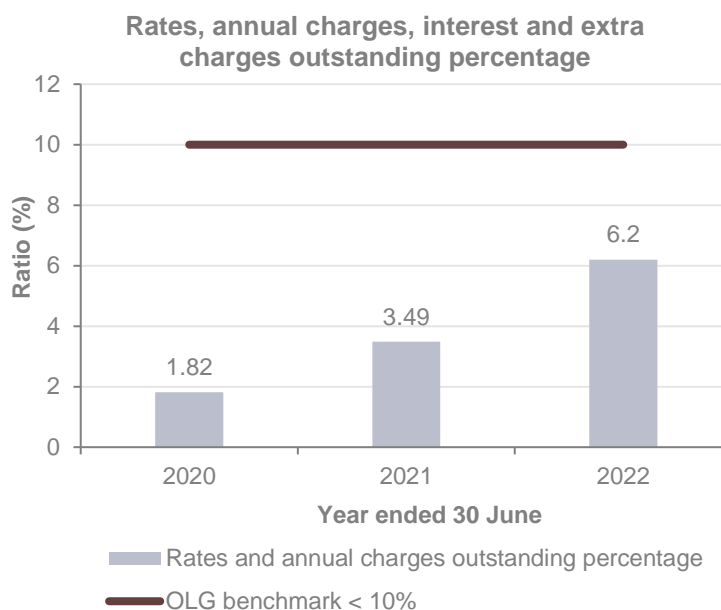
Debt service cover ratio

- 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.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council has sufficient operating revenue to service its debts.
- The debt service cover ratio increased to 14.98 times (2021: 5.35 times) due to the increase in the operating result before capital which has largely been driven by an increase in user fees and charges and an increase in financial assistance grants. The prior year also included \$2.7 million of remediation expenses for first time recognition of a remediation liability for landfill.



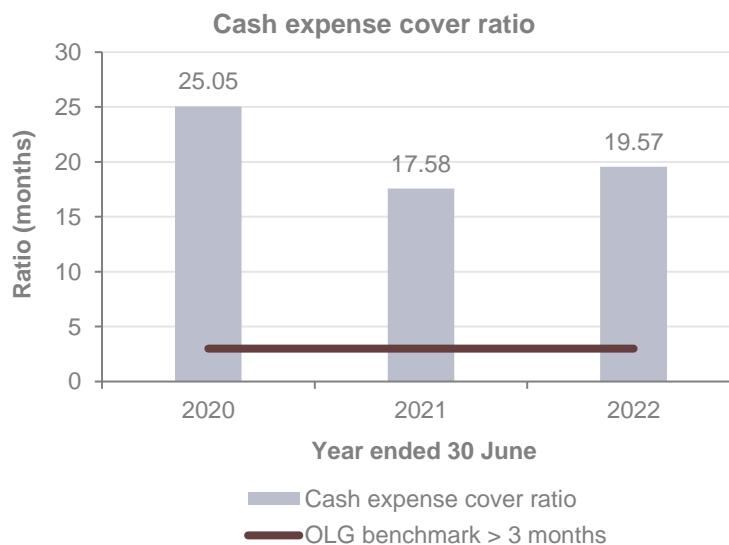
Rates, annual charges, interest and extra charges outstanding percentage

- The 'rates, annual charges, interest and extra 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.
- The Council is within the OLG benchmark for the current reporting period.



Cash expense cover ratio

- 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's cash expense cover ratio was 19.57 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 19.57 months of operating cash expenditure without additional cash inflows at 30 June 2022.
- The cash expense cover ratio has increased due to increase in cash and cash equivalent and investment by \$3.3 million.



Infrastructure, property, plant and equipment renewals

The Council renewed \$7.2 million of assets in the 2021-22 financial year, compared to \$9.9 million of assets in the 2020-21 financial year. The decrease is primarily due to large renewals on other structures and roads in the prior year.

OTHER MATTERS

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, 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.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

cc: Ms Jackie Kruger, General Manager
Mr Graham Bradley, Chair of the Audit, Risk and Improvement Committee
Mr Michael Cassel, Secretary of the Department of Planning, Industry and Environment

Leeton Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

"Preserving the Past, Enhancing the Future"



LEETON
SHIRE COUNCIL

Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	105
Special Purpose Financial Statements:	
Income Statement of water supply business activity	106
Income Statement of sewerage business activity	107
Statement of Financial Position of water supply business activity	108
Statement of Financial Position of sewerage business activity	109
Note – Significant Accounting Policies	110
Auditor's Report on Special Purpose Financial Statements	113

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).

Leeton Shire 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,
- accord with Council's accounting and other records, and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 24 August 2022.



Tony Reneker
Mayor



Michael Kidd
Deputy Mayor



Jacqueline Kruger
General Manager



Lawrence Amato
Responsible Accounting Officer

Leeton Shire 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	1,507	1,448
User charges	2,491	3,042
Interest and investment income	121	191
Grants and contributions provided for operating purposes	36	72
Other income	47	126
Total income from continuing operations	4,202	4,879
Expenses from continuing operations		
Employee benefits and on-costs	1,869	1,900
Materials and services	1,069	1,124
Depreciation, amortisation and impairment	1,434	946
Water purchase charges	215	187
Total expenses from continuing operations	4,587	4,157
Surplus (deficit) from continuing operations before capital amounts	(385)	722
Grants and contributions provided for capital purposes	132	32
Surplus (deficit) from continuing operations after capital amounts	(253)	754
Surplus (deficit) from all operations before tax	(253)	754
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(188)
Surplus (deficit) after tax	(253)	566
Plus accumulated surplus	25,622	24,869
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	188
Closing accumulated surplus	25,369	25,623
Return on capital %	(0.9)%	1.7%
Subsidy from Council	1,992	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(253)	566
Less: capital grants and contributions (excluding developer contributions)	(132)	(32)
Surplus for dividend calculation purposes	–	534
Potential dividend calculated from surplus	–	267

Leeton Shire Council

Income Statement of sewerage business activity for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	2,493	2,412
User charges	2	1
Liquid trade waste charges	275	836
Interest and investment income	86	103
Grants and contributions provided for operating purposes	30	29
Other income	2	10
Total income from continuing operations	2,888	3,391
Expenses from continuing operations		
Employee benefits and on-costs	1,197	1,158
Materials and services	704	719
Depreciation, amortisation and impairment	959	920
Total expenses from continuing operations	2,860	2,797
Surplus (deficit) from continuing operations before capital amounts	28	594
Grants and contributions provided for capital purposes	116	11
Surplus (deficit) from continuing operations after capital amounts	144	605
Surplus (deficit) from all operations before tax	144	605
Less: corporate taxation equivalent (25%) [based on result before capital]	(7)	(154)
Surplus (deficit) after tax	137	451
Plus accumulated surplus	21,029	20,423
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	7	155
Closing accumulated surplus	21,173	21,029
Return on capital %	0.1%	1.6%
Subsidy from Council	1,397	–
Calculation of dividend payable:		
Surplus (deficit) after tax	137	451
Less: capital grants and contributions (excluding developer contributions)	(116)	(11)
Surplus for dividend calculation purposes	21	440
Potential dividend calculated from surplus	11	220

Leeton Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
Current assets		
Cash and cash equivalents	3,785	5,047
Investments	4,000	9,359
Receivables	268	416
Other	—	4
Total current assets	8,053	14,826
Non-current assets		
Investments	10,000	2,756
Receivables	20	20
Infrastructure, property, plant and equipment	43,906	42,250
Total non-current assets	53,926	45,026
Total assets	61,979	59,852
LIABILITIES		
Current liabilities		
Payables	19	1
Total current liabilities	19	1
Total liabilities	19	1
Net assets	61,960	59,851
EQUITY		
Accumulated surplus	25,369	25,623
Revaluation reserves	36,591	34,228
Total equity	61,960	59,851

Leeton Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
Current assets		
Cash and cash equivalents	1,572	2,475
Investments	6,000	5,355
Receivables	352	216
Total current assets	7,924	8,046
Non-current assets		
Investments	2,000	1,577
Receivables	263	10
Infrastructure, property, plant and equipment	38,926	37,263
Total non-current assets	41,189	38,850
Total assets	49,113	46,896
Net assets	49,113	46,896
EQUITY		
Accumulated surplus	21,173	21,029
Revaluation reserves	27,940	25,867
Total equity	49,113	46,896

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 Supply

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Leeton, Yanco, Whitton and Murrumbidgee which are established as a separate Special Rate Fund.

b. Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation & treatment activities servicing the towns of Leeton, Whitton and Yanco, which are established as a separate Special Rate Fund.

Category 2

(where gross operating turnover is less than \$2 million)

Council has no Category 2 Business Activities

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.

Note – Significant Accounting Policies (continued)

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%

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – 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 DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – 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'.

Note – Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% 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.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this 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 Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

Leeton Shire Council

Special Purpose Financial Statements for the year ended 30 June 2022



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Leeton Shire Council

To the Councillors of Leeton Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Leeton Shire 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 business activity
- Sewerage business activity

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 'Soh Wee Hong'.

Hong Wee Soh
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY

Leeton Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

"Preserving the Past, Enhancing the Future"



LEETON
SHIRE COUNCIL

Contents

Page

Special Schedules:

Permissible income for general rates	119
Report on infrastructure assets as at 30 June 2022	123

Leeton Shire 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	7,627	7,787
Plus or minus adjustments ²	b	1	19
Notional general income	c = a + b	7,628	7,806
Permissible income calculation			
Or rate peg percentage	e	2.00%	1.80%
Or plus rate peg amount	i = e x (c + g)	153	141
Sub-total	k = (c + g + h + i + j)	7,781	7,947
Plus (or minus) last year's carry forward total	l	6	—
Sub-total	n = (l + m)	6	—
Total permissible income	o = k + n	7,787	7,947
Less notional general income yield	p	7,787	7,936
Catch-up or (excess) result	q = o – p	(1)	10
Carry forward to next year ⁶	t = q + r + s	(1)	10

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

Leeton Shire Council

To the Councillors of Leeton Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Leeton Shire 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.



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY

Leeton Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	139	139	20	59	208	230	0.0%	0.0%	0.0%	100.0%	0.0%
	Buildings – specialised	4,017	4,017	226	248	27,734	31,429	13.5%	15.3%	53.8%	15.1%	2.3%
	Water buildings	285	285	2	20	781	932	0.0%	14.7%	4.0%	81.3%	0.0%
	Sewer Buildings	57	57	2	1	313	375	31.6%	0.0%	34.3%	34.1%	0.0%
	Sub-total	4,498	4,498	250	328	29,036	32,966	13.2%	15.0%	51.8%	17.7%	2.2%
Other structures	Other	615	615	76	73	1,929	2,246	62.0%	10.0%	17.8%	9.7%	0.5%
	Sub-total	615	615	76	73	1,929	2,246	62.0%	10.0%	17.8%	9.7%	0.5%
Roads	Sealed roads	8,204	8,204	1,150	1,160	62,221	66,282	10.3%	54.8%	27.9%	5.6%	1.4%
	Unsealed roads	413	413	600	618	8,296	9,390	6.3%	61.2%	31.9%	0.0%	0.6%
	Bridges	28	28	40	40	4,779	4,938	0.0%	89.3%	10.7%	0.0%	0.0%
	Footpaths	174	174	37	37	9,236	9,551	77.1%	18.7%	4.0%	0.0%	0.1%
	Other road assets	1,260	1,260	8	3	4,072	4,500	0.0%	40.4%	48.7%	7.9%	3.1%
	Bulk earthworks	–	–	–	–	38,930	38,930	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Guttering	1,630	1,630	24	19	9,931	10,436	20.9%	53.1%	24.2%	0.1%	1.7%
	Sub-total	11,709	11,709	1,859	1,877	137,465	144,027	38.8%	38.6%	18.8%	2.8%	0.9%
Water supply network	Mains	5,737	5,737	750	869	19,743	41,408	1.9%	47.0%	33.9%	0.1%	17.2%
	Dams/Weirs	340	340	–	–	3,923	7,001	6.6%	10.1%	83.3%	0.0%	0.0%
	Pump Stations	69	69	21	18	899	1,547	1.5%	72.0%	6.5%	20.0%	0.0%
	Filtration/Treatment Plant	4,696	4,696	811	774	10,075	25,641	1.8%	3.6%	70.6%	8.6%	15.4%
	Reservoirs	1,684	1,684	–	–	5,810	12,519	0.0%	17.9%	51.6%	19.6%	10.9%
	Water Nodes	1,232	1,232	77	38	2,531	5,790	2.9%	14.3%	25.3%	13.0%	44.5%
	Sub-total	13,758	13,758	1,659	1,699	42,981	93,906	2.0%	26.9%	49.0%	6.1%	16.0%
Sewerage network	Sewer Lines	2,462	2,462	218	284	16,940	22,998	48.8%	32.3%	3.4%	15.4%	0.2%
	Pump Stations	5,402	5,402	234	326	6,654	12,482	0.0%	21.2%	20.9%	24.9%	33.0%
	Treatment Plants	6,513	6,513	252	374	8,521	19,777	0.5%	41.1%	21.0%	8.7%	28.7%
	Sewer Nodes	83	83	7	–	5,911	11,028	0.0%	0.1%	0.0%	0.5%	99.4%
	Sub-total	14,460	14,460	711	984	38,026	66,285	17.1%	27.5%	11.4%	12.7%	31.4%
	Pipes	384	384	64	48	23,011	23,533	63.6%	31.7%	4.6%	0.0%	0.0%
	Pump Stations	10	10	–	5	810	872	0.0%	99.4%	0.0%	0.0%	0.6%

Leeton Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Stormwater drainage	Pits & Inlets	53	53	—	—	3,848	3,929	30.2%	61.7%	8.1%	0.0%	0.0%
	Sub-total	447	447	64	53	27,669	28,334	57.0%	37.9%	5.0%	0.0%	0.1%
Open space / recreational assets	Other Recreation Assets	544	544	768	449	4,993	6,107	59.5%	18.2%	6.5%	0.0%	15.8%
	Swimming pools	277	277	38	36	5,984	6,149	92.6%	1.6%	0.0%	0.0%	5.8%
	Sub-total	821	821	806	485	10,977	12,256	76.1%	9.9%	3.2%	0.0%	10.8%
Total – all assets		46,308	46,308	5,425	5,499	288,083	380,020	26.4%	30.6%	26.3%	6.4%	10.3%

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

Infrastructure asset condition assessment 'key'

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

Leeton Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	6,769					
Depreciation, amortisation and impairment	7,189	94.16%	123.40%	90.58%	74.27%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	46,308					
Net carrying amount of infrastructure assets	292,546	15.83%	17.36%	6.58%	2.20%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	5,499					
Required asset maintenance	5,425	101.36%	146.32%	96.97%	100.30%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	46,308	12.19%	13.55%	5.10%	1.40%	
Gross replacement cost	380,020					

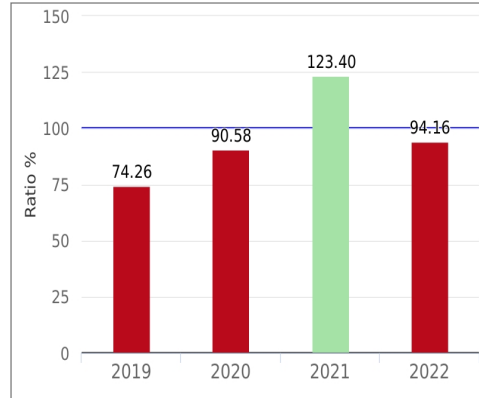
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Leeton Shire Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

21/22 ratio 94.16%

While below benchmark for the current year, Council has undertaken a sizable quantity of renewals works. It is worth noting that renewals rarely keeps pace with depreciation and as such one must consider where assets are in the renewals cycle to determine renewals required and undertaken.

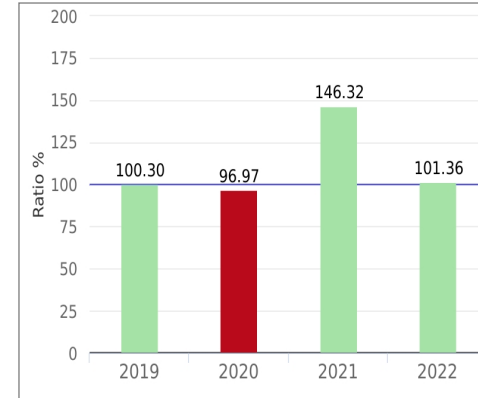
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result

21/22 ratio 101.36%

Council has achieved the benchmark in 2022.

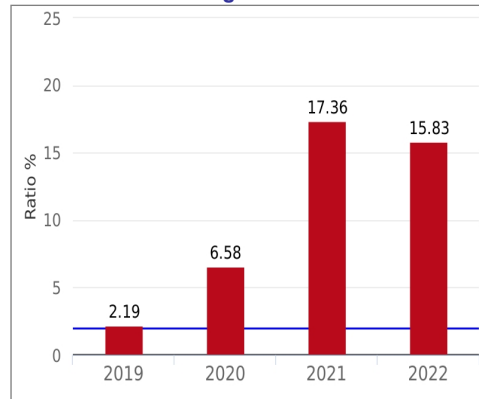
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

21/22 ratio 15.83%

While Council has not met the benchmark it is making progress in reducing the backlog.

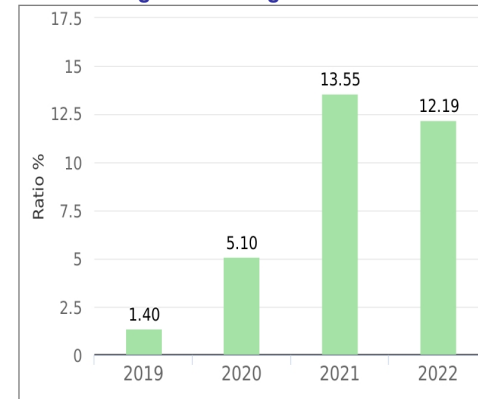
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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.

Commentary on result

21/22 ratio 12.19%

As indicated above, Council is reducing its backlogs.

Leeton Shire 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	110.08%	147.86%	57.92%	104.71%	63.36%	12.51%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	8.55%	11.22%	32.01%	45.01%	38.03%	19.70%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	92.18%	184.06%	102.41%	104.44%	138.40%	111.97%	> 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	8.23%	10.93%	14.65%	21.09%	21.81%	11.52%	
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.