



ATTACHMENTS TO REPORTS

of the
Ordinary Meeting of Council
held in
Council Chambers,
Wingecarribee Shire Council Civic Centre,
68 Elizabeth Street, Moss Vale
on

16 November 2022

The meeting will commence at **3:30pm**

COPIES CIRCULATED SEPARATELY HEREWITH

Ordinary Meeting of Council - 16 November 2022 Attachments

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Wingecarribee Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



General Purpose Financial Statements

For the year ended 30 June 2022

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**Wingecarribee
SHIRE COUNCIL**

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

68 Elizabeth Street
Moss Vale NSW 2577

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

- 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.wsc.nsw.gov.au.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

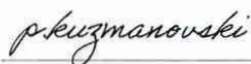
Signed in accordance with a resolution of Council made on 21 September 2022.



Viv May PSM
Administrator
27 October 2022



Lisa Miscamble
General Manager
27 October 2022



Pav Kuzmanovski
Responsible Accounting Officer
27 October 2022

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Income Statement | for the year ended 30 June 2022

Wingecarribee Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Income from continuing operations				
85,150		B2-1	86,526	83,429
24,020		B2-2	22,092	22,607
1,672		B2-3	2,606	1,950
8,267		B2-4	21,384	10,828
26,489		B2-4	35,350	34,347
1,330		B2-5	1,430	1,882
758		B2-6	834	726
<u>147,686</u>			<u>170,222</u>	<u>155,769</u>
Expenses from continuing operations				
42,208		B3-1	38,367	39,900
44,469		B3-2	48,410	42,465
703		B3-3	741	758
30,408		B3-4	33,099	31,048
3,455		B3-5	16,715	3,656
-		B4-1	3,507	4,302
<u>121,243</u>			<u>140,839</u>	<u>122,129</u>
<u>26,443</u>			<u>29,383</u>	<u>33,640</u>
<u>26,443</u>			<u>29,383</u>	<u>33,640</u>
<u>(46)</u>			<u>(5,967)</u>	<u>(707)</u>

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Comprehensive Income | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		29,383	33,640
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of Infrastructure, property, plant and equipment	C1-8	<u>304,498</u>	14,429
Total other comprehensive income for the year		<u>304,498</u>	<u>14,429</u>
Total comprehensive income for the year attributable to Council		<u>333,881</u>	<u>48,069</u>

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Financial Position | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	12,043	15,456
Investments	C1-2	182,500	177,000
Receivables	C1-4	25,534	19,870
Inventories	C1-5	1,181	1,166
Contract assets	C1-6	6,839	4,547
Non-current assets classified as held for sale	C1-7	–	421
Other	C1-10	913	562
Total current assets		229,010	219,022
Non-current assets			
Investments	C1-2	10,000	–
Receivables	C1-4	590	618
Infrastructure, property, plant and equipment	C1-8	2,068,132	1,737,752
Intangible assets	C1-9	441	422
Right of use assets	C2-1	604	723
Total non-current assets		2,079,767	1,739,515
Total assets		2,308,777	1,958,537
LIABILITIES			
Current liabilities			
Payables	C3-1	14,056	12,554
Contract liabilities	C3-2	9,729	4,448
Lease liabilities	C2-1	281	264
Borrowings	C3-3	2,969	3,269
Employee benefit provisions	C3-4	7,827	8,551
Total current liabilities		34,862	29,086
Non-current liabilities			
Lease liabilities	C2-1	336	469
Borrowings	C3-3	17,448	20,417
Employee benefit provisions	C3-4	501	541
Provisions	C3-5	17,313	3,588
Total non-current liabilities		35,598	25,015
Total liabilities		70,460	54,101
Net assets		2,238,317	1,904,436
EQUITY			
Accumulated surplus		817,352	787,969
Revaluation surplus	C4-1	1,420,965	1,116,467
Total equity		2,238,317	1,904,436

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Changes in Equity | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	Revaluation surplus	Total equity	Accumulated surplus	Revaluation surplus	Total equity
Opening balance at 1 July		787,969	1,116,467	1,904,436	754,329	1,102,038	1,856,367
Net operating result for the year		29,383	–	29,383	33,640	–	33,640
Other comprehensive income							
– Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	304,498	304,498	–	14,429	14,429
Total comprehensive income		29,383	304,498	333,881	33,640	14,429	48,069
Closing balance at 30 June		817,352	1,420,965	2,238,317	787,969	1,116,467	1,904,436

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Cash Flows | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
85,115	Rates and annual charges		87,074	82,397
24,321	User charges and fees		23,034	23,596
1,345	Interest received		1,257	2,147
34,343	Grants and contributions		46,096	29,149
–	Bonds, deposits and retentions received		–	213
2,876	Other		11,311	10,978
<i>Payments:</i>				
(42,161)	Payments to employees		(40,591)	(40,405)
(44,711)	Payments for materials and services		(54,446)	(54,811)
(701)	Borrowing costs		(700)	(728)
–	Bonds, deposits and retentions refunded		(402)	–
(3,455)	Other		(3,601)	(3,240)
56,972	Net cash flows from operating activities	G1-1	69,032	49,296
Cash flows from investing activities				
<i>Receipts:</i>				
12,098	Redemption of term deposits		203,000	205,500
1,651	Proceeds from sale of IPPE	B4-1	674	1,366
–	Sale of non current assets classified as held for sale	B4-1	468	2,095
–	Sale of real estate assets	B4-1	–	865
–	Deferred debtors receipts		65	25
<i>Payments:</i>				
(1,535)	Acquisition of term deposits		(218,500)	(207,000)
(67,908)	Payments for IPPE		(54,464)	(46,509)
–	Purchase of intangible assets	C1-9	(88)	(273)
–	Purchase of real estate assets		–	(20)
–	Deferred debtors advances made		(30)	(446)
(55,694)	Net cash flows from investing activities		(68,875)	(44,397)
Cash flows from financing activities				
<i>Receipts:</i>				
2,000	Proceeds from borrowings		–	6,310
<i>Payments:</i>				
(3,278)	Repayment of borrowings	C3-3a	(3,269)	(3,608)
–	Principal component of lease payments	C3-3a	(301)	(256)
(1,278)	Net cash flows from financing activities		(3,570)	2,446
–	Net change in cash and cash equivalents		(3,413)	7,345
6,000	Cash and cash equivalents at beginning of year		15,456	8,111
6,000	Cash and cash equivalents at end of year	C1-1	12,043	15,456
156,738	plus: Financial investments at end of year	C1-2	192,500	177,000
162,738	Total cash, cash equivalents and investments		204,543	192,456

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

Wingecarribee Shire Council

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

Wingecarribee Shire Council

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 October 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 Office of Local Government (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 2021/22.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars, except where amounts are shown within text.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- i. Fair values of infrastructure, property, plant and equipment (IPPE) – refer Note C1-8,
- ii. Employee benefit provisions – refer Note C3-4,
- iii. Tip asset remediation provisions – refer Note C3-5.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of Council. Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water supply service
- Sewerage service

continued on next page ...

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

A1-1 Basis of preparation (continued)

- Section 355 Committees of Council.

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by 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 receives volunteer services for a number of purposes, such as membership of advisory committees, s.355 Committees operation, bushcare activities, library book covering and interaction with animals at the Animal Shelter. The services provided by the volunteers unquestionably provide value to Council. However, the value of volunteer services has not been recognised within Council's financial statements. This is because the value of the services provided often cannot be reliably measured in order to meet the recognition requirements within Australian Accounting Standards. Where the volunteer services could be reliably measured, Council has assessed those services in accordance with the relevant Australian Accounting Standards and has determined that the services would not be purchased if they were not donated. As such, recognition in Council's financial statements is not required.

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 the pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2021.

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 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 from the first time at 30 June 2022. None of these standards had a significant impact on reported position or performance.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 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.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Leadership	64,134	60,850	44,401	39,949	19,733	20,901	7,683	6,026	316,714	291,584
People	4,063	4,507	9,190	10,253	(5,127)	(5,746)	1,768	1,988	41,325	38,175
Places	75,427	55,054	59,134	57,120	16,293	(2,066)	36,691	16,320	1,761,496	1,498,585
Environment	25,511	34,355	26,560	12,943	(1,049)	21,412	10,535	20,711	172,927	117,706
Economy	1,087	1,003	1,554	1,864	(467)	(861)	57	130	16,315	12,487
Total functions and activities	170,222	155,769	140,839	122,129	29,383	33,640	56,734	45,175	2,308,777	1,958,537

B1-2 Components of functions or activities

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

Leadership

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance; corporate support and other resourcing support services.

People

Includes fire protection, emergency services, enforcement of regulations and animal control; social protection (welfare); aboriginal and other community services and administration; youth services; aged and disabled persons services; swimming pools; children's services, including family day care; child care; and other family and children's services.

Places

Includes urban local and urban regional sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes; public cemeteries; public conveniences; street lighting; town planning; public libraries; community centres and halls; sporting grounds and venues; parks; gardens and other sporting and recreational services; water supplies; sewerage services; drainage; stormwater management; quarries and pits.

Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage and street cleaning.

Economy

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; and Southern Regional Livestock Exchange (SRLX).

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Notes	2022	2021
Ordinary rates			
Residential		41,088	39,981
Farmland		4,855	4,771
Business		6,398	6,089
Mining		343	353
Less: pensioner rebates (mandatory)		(766)	(800)
Rates levied to ratepayers		51,918	50,394
Pensioner rate subsidies received		421	440
Total ordinary rates		52,339	50,834
Special rates			
Special environmental levy		1,432	1,394
Total special rates		1,432	1,394
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		9,770	9,024
Water supply services		4,100	3,953
Sewerage services		18,708	18,068
Stormwater management services		542	534
Less: pensioner rebates (mandatory)		(811)	(838)
Annual charges levied		32,309	30,741
Pensioner subsidies received:			
– Domestic waste management services		113	114
– Water supply services		175	182
– Sewerage services		158	164
Total annual charges		32,755	31,201
Total rates and annual charges		86,526	83,429

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

Accounting policy

Rates and annual charges are recognised as revenue at the 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. Refer Note C3-1.

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

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-2 User charges and fees

\$ '000	Notes	2022	2021
Specific user charges (per s.502 specific user charges)			
Water supply services		7,717	8,197
Sewerage services		1,199	1,191
Waste management services (non-domestic)		3,601	3,703
Total specific user charges		12,517	13,091
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67		655	710
Building services – other		1,848	1,914
Planning and building - regulatory		1,652	1,738
Inspection services		60	51
Section 10.7 certificates (EP&A Act)		227	246
Section 603 certificates		219	271
Total fees and charges – statutory/regulatory		4,661	4,930
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		320	245
Childcare		455	338
Contract retention		379	–
Halls and parks rental		76	82
Permits and licences		290	304
Pound fees and animal income		105	141
Quarry revenues		152	206
Saleyards		833	723
Sewer connections		240	233
Swimming centres		1,637	1,942
Tourism income		127	102
Tulip time		1	–
Water connections		157	167
Other		142	103
Total fees and charges – other		4,914	4,586
Total other user charges and fees		9,575	9,516
Total user charges and fees		22,092	22,607
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time		–	–
User charges and fees recognised at a point in time		22,092	22,607
Total user charges and fees		22,092	22,607

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 the customer is required to pay in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged, the fee is recognised on a straight-line basis over the period to which the payment relates.

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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-3 Other revenues

\$ '000	Notes	2022	2021
Parking fines		120	141
Other fines		33	55
Commissions and agency fees		39	47
Diesel rebate		96	96
Insurance claims recoveries		742	489
Legal fees recovery – rates and charges (extra charges)		22	176
Other Rebates and reimbursements		526	22
Recovery of Lehman Brothers CDOs		3	2
Recycling and sundry sales		552	426
Vehicle leaseback fees		395	433
Other		78	63
Total other revenue		2,606	1,950
Timing of revenue recognition for other revenue			
Other revenue recognised over time		–	–
Other revenue recognised at a point in time		2,606	1,950
Total other revenue		2,606	1,950

Accounting policy

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

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

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-4 Grants and contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
Financial assistance grant (untied)					
- Relating to current year		2,793	2,517	-	-
- Prepayment received in advance for subsequent year	C1-3b	4,297	2,696	-	-
Amount recognised as income during the year		7,090	5,213	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Community care		168	264	-	-
Environmental programs		4,409	174	-	-
Heritage and cultural		61	8	-	-
Local Infrastructure Renewal Scheme subsidy		72	90	-	-
Noxious weeds		35	53	-	-
NSW rural fire services		699	687	31	35
Recreation and culture		242	244	3,048	608
Children services		632	540	-	-
Housing and community		222	274	-	-
Street lighting		112	112	-	-
Tourism		44	130	-	-
Transport and communication		7,207	2,639	16,974	7,457
Youth services		64	3	-	-
Bushfire services		108	132	-	-
Community services		17	15	-	-
Roads and bridges		31	88	139	-
Recreation and culture		17	7	127	445
Childcare services		2	1	-	-
Other contributions		3	-	-	7
Management committees		99	79	-	-
Apprenticeships		50	20	-	-
Sewerage services		-	-	71	168
Drainage		-	-	18	11
Administration		-	1	-	-
Aged and disabled		-	6	-	-
Water supplies		-	48	-	-
Total special purpose grants and non-developer contributions – cash		14,294	5,615	20,408	8,731
Non-cash contributions					
Bushfire services		-	-	486	500
Dedications–subdivisions (other than by Section 7.11)		-	-	7,886	17,101
Total other contributions – non-cash	G1-1	-	-	8,372	17,601
Total special purpose grants and non-developer contributions (tied)		14,294	5,615	28,780	26,332
Total grants and non-developer contributions		21,384	10,828	28,780	26,332
Comprising:					
- Commonwealth funding		7,988	5,869	6,131	2,401
- State funding		13,260	4,798	13,993	5,867
- Other funding		136	161	8,656	18,064
		21,384	10,828	28,780	26,332

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-4 Grants and contributions (continued)

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	1,475	2,444
S 7.12 – fixed development consent levies		–	–	186	44
S 64 – water supply contributions		–	–	2,442	2,399
S 64 – sewerage service contributions		–	–	2,055	2,420
S 64 – stormwater contributions		–	–	412	708
Total developer contributions	G3-1	–	–	6,570	8,015
Total grants and contributions	B1-1	21,384	10,828	35,350	34,347
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		1,193	1,962	18,833	6,914
Grants and contributions recognised at a point in time		20,191	8,866	16,517	27,433
Total grants and contributions		21,384	10,828	35,350	34,347

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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:

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Operating and Capital grants					
Unspent funds at 1 July		3,919	4,061	3,241	146
Add: Grants recognised as revenue in the reporting year but not yet spent in accordance with the conditions		8,219	3,174	–	20
Add: Grants received and not recognised as revenue in the current year		89	20	6,462	3,221
Less: Grants recognised as revenue in previous years that have been spent during the reporting year		(3,447)	(3,294)	(19)	(73)
Less: Grants received in prior year but revenue recognised and funds spent in current year	C3-2-ii	(12)	(42)	(1,581)	(73)
Unspent funds at 30 June		8,768	3,919	8,103	3,241
Contributions					
Unspent funds at 1 July		74	10	55,148	54,656
Add: Contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions		31	60	7,029	8,468
Add: Contributions received and not recognised as revenue in the current year		2	4	–	–
Less: Contributions recognised as revenue in previous years that have been spent during the reporting year		(32)	–	(8,547)	(7,976)
Less: Contributions received in prior year but revenue recognised and funds spent in current year	C3-2-ii	(5)	–	–	–
Unspent contributions at 30 June		70	74	53,630	55,148

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligation is transferred.

The performance obligations vary according to the agreement but include the events and the delivery of specific activities. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-4 Grants and contributions (continued)

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion 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.

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

Developer 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* (EP&A Act).

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at 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.

Council reviews its resourcing every quarter to ensure that grant funds are spent in a timely manner.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B2-5 Interest and investment income

\$ '000	Notes	2022	2021
Interest on financial assets measured at amortised cost			
– Overdue rates and annual charges (incl. special purpose rates)		213	106
– Cash and investments		1,197	1,759
Amortisation of premiums and discounts			
– Interest free (and interest reduced) loans provided	G1-1	20	17
Total interest and investment income		1,430	1,882
Interest and investment income is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		131	70
General Council cash and investments		352	489
Restricted investments/funds – external:			
Development contributions (by Fund)	G3-1		
- Section 7.11 and s7.12 contributions		129	164
- Section 64 contributions – water supply		121	182
- Section 64 contributions – Sewer service		109	172
- Section 64 contributions – Stormwater		16	22
Water fund operations		293	432
Sewerage fund operations		278	350
Unspent grants		1	1
Total interest and investment income		1,430	1,882

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Other lease income			
Rental income	C2-2	834	726
Total other income		834	726

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	Notes	2022	2021
Salaries and wages		31,922	33,271
Employee leave entitlements		2,822	3,255
Superannuation		3,455	3,363
Workers' compensation insurance		2,299	1,914
Fringe benefit tax		58	51
Payroll tax		290	302
Other		73	127
Total employee costs		40,919	42,283
Less: capitalised costs		(2,552)	(2,383)
Total employee costs expensed		38,367	39,900

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee. The Employee Leave Entitlement rate has increased from 0.85% to 3.32%.

Retirement benefit obligations

All employees of 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 Note E3-1 for more information.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		12,455	15,170
Contractor costs		67,116	50,226
Consultancy costs		2,998	3,606
Audit Fees	F2-1	115	157
Advertising		200	166
Bank charges		355	333
Chemicals		743	741
Clothing and personal safety equipment		96	109
Computer hardware maintenance		275	257
Computer software charges		1,496	1,411
Interim Administrator, Councillor and Mayoral fees and associated expenses	F1-2	332	391
Electricity and heating		2,126	2,268
Insurance		1,702	1,516
Licence and registration		317	117
Postage and courier delivery		242	245
Printing and stationery		178	275
Promotions		9	21
Property rental and equipment hires		145	124
Repairs and maintenance		851	975
Street lighting		673	678
Subscriptions and publications		349	346
Telephone and communications		486	430
Training, conference and education		287	518
Valuation fees		188	189
Waste management services		4,246	4,239
Water determination		65	63
Water purchases		1,156	1,274
Other expenses		95	96
Legal expenses:			
– Legal expenses: planning and development		706	685
– Legal expenses: other		408	289
Total materials and services		100,410	86,915
Less: capitalised costs		(52,000)	(44,450)
Total materials and services		48,410	42,465

Accounting policy

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on loans		710	691
Interest on leases	C2-1	23	20
Total interest bearing liability costs expensed		733	711
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Interest free (or favourable) advances made by Council	G1-1	8	47
Total other borrowing costs		8	47
Total borrowing costs expensed		741	758

Accounting policy

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

Other borrowing costs are the fair value adjustments on the recognition of the interest free advance to the sports entities made by Council, discount to present value using the effective interest rate method.

No borrowing costs were capitalised for the year ended 30 June 2022.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment	C1-8	2,417	2,339
Office equipment	C1-8	132	118
Furniture and fittings	C1-8	55	36
Infrastructure:			
– Buildings		2,444	2,105
– Other structures		268	168
– Roads		11,882	11,389
– Bridges		405	406
– Footpaths		934	899
– Stormwater drainage		1,350	1,370
– Water supply network		5,329	5,209
– Sewerage network		5,673	5,608
– Swimming pools		–	270
– Open space/recreational assets		1,671	718
– Artworks and monuments		10	–
Other assets:			
– Library books	C1-8	155	153
– Other		1	1
Intangible assets	C1-9	69	–
Right of use assets	C2-1	304	259
Total depreciation, amortisation and impairment for non-financial assets	G1-1	33,099	31,048

Accounting policy

Depreciation and amortisation

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

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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Bad and doubtful debts		-	-
Total impairment of receivables	C1-4	-	-
Other			
Donations, contributions and assistance to other organisations (Section 356)		1,171	1,205
Contributions/levies to other levels of government			
– Waste levy		868	1,050
– Emergency services levy (includes FRNSW, SES, and RFS levies)		901	1,190
Landfill remediation and restoration	C3-5,G1-1	13,725	88
Other		50	123
Total other		16,715	3,656
Total other expenses		16,715	3,656

Accounting policy

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

Impairment expenses are recognised when identified.

Landfill remediation and restoration

A pre-feasibility/conceptual cost estimate (+/- 25% estimate accuracy) was determined, in support of the closure of the former landfill site at Welby. The cost estimate accounts for preliminaries, planning and preparation, owner's costs (including engineering design and project management), contractor direct construction costs, project contingency, and three years post-construction monitoring.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of Infrastructure, plant and equipment			
Proceeds from disposal		674	1,366
Less: carrying value of IPPE assets sold / written off	C1-8	<u>(4,217)</u>	<u>(6,610)</u>
Gain (or loss) on disposal		<u>(3,543)</u>	<u>(5,244)</u>
Gain (or loss) on disposal of non-current assets classified as held for sale			
Proceeds from disposal		468	2,095
Less: carrying value of non current assets held for sale	C1-7	<u>(432)</u>	<u>(1,689)</u>
Gain (or loss) on disposal		<u>36</u>	<u>406</u>
Gain (or loss) on disposal of real estate assets			
Proceeds from disposal		-	865
Less: carrying value of real estate assets		<u>-</u>	<u>(329)</u>
Gain (or loss) on disposal		<u>-</u>	<u>536</u>
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemption/maturities		203,000	205,500
Less: carrying value of investments		<u>(203,000)</u>	<u>(205,500)</u>
Gain (or loss) on disposal		<u>-</u>	<u>-</u>
Net gain (or loss) from disposal of assets		<u>(3,507)</u>	<u>(4,302)</u>

Accounting policy

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2021 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	85,150	86,526	1,376	2%	F
User charges and fees	24,020	22,092	(1,928)	(8)%	U
Other revenues	1,672	2,606	934	56%	F
Other revenue exceeded the original budget due to higher than anticipated revenue received during the 2021/22 financial year relating to insurance claims recovery (\$621k), rebates related to waste management (\$488k) and recycling/sundry sales (\$97k).					
Operating grants and contributions	8,267	21,384	13,117	159%	F
Operating Grants and Contributions exceeded the original budget due to higher than anticipated revenue received during the 2021/22 financial year relating to the advance receipt of the Financial Assistance Grant (\$1.8M) which has been transferred to internal restrictions to fund the 2022/23 Operating Budget. Other material variances include the Bushfire Generated Green Waste Clean-up & Processing grant (\$4.4M) and grants relating to inclement weather events that occurred during February and March 2022 (\$5.3M).					
Capital grants and contributions	26,489	35,350	8,861	33%	F
Capital Grants and Contributions exceeded the original budget due to higher than anticipated revenue received during the 2021/22 financial year relating to in-kind asset contributions received under Council's Developer Contributions Plan and relating to Rural Fire Assets (\$8.3M) and contribution to the Bowral Memorial Hall (\$0.5M). Due to the uncertainty in nature of in-kind assets, Council does not budget for this type of contribution.					
Interest and investment revenue	1,330	1,430	100	8%	F
Other income	758	834	76	10%	F
Other revenue exceeded the original budget forecast due to higher than anticipated revenue received during the 2021/22 financial year relating to rental income.					
Expenses					
Employee benefits and on-costs	42,208	38,367	3,841	9%	F
Materials and services	44,469	48,410	(3,941)	(9)%	U
Borrowing costs	703	741	(38)	(5)%	U
Depreciation, amortisation and impairment of non-financial assets	30,408	33,099	(2,691)	(9)%	U
Other expenses	3,455	16,715	(13,260)	(384)%	U
Other Expenses exceeded the original budget due to a revised cost estimate relating to the non-current provision of the Welby Landfill closure plan of \$13M. The cost estimate accounts for preliminaries, planning and preparation, owner's costs (including engineering design and project management), contractor direct construction costs, project contingency, and three years post-construction monitoring.					

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Net losses from disposal of assets	-	3,507	(3,507)	∞ U
Council does not estimate the net profit/loss from the disposal of assets in compiling the original budget. The variation relates primarily to the net loss on the disposal of predominately water and sewer infrastructure during the year.				

Statement of cash flows

Cash flows from operating activities	56,972	69,032	12,060	21% F
Net cash from operating activities has increased from the original budget primarily due to additional income received from rates and annual charges (reduction in outstanding rates), grants and contributions, and other revenues. In addition to this, Council did not fully expend its operating costs relating to employment costs, materials and contracts.				
Cash flows from investing activities	(55,694)	(68,875)	(13,181)	24% U
Net cash from investing activities has varied from the original budget due to a number of capital projects not being completed during the year due to the inclement weather events that eventuated during the financial year. These funds have been carried forward to form a part of the 22/23 budget. In addition to this, Council held more cash than anticipated and invested in term deposits.				
Cash flows from financing activities	(1,278)	(3,570)	(2,292)	179% U
Net cash used in financing activities has varied from original budget due to a \$2M loan not taken up during the year.				

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	941	4,267
Cash equivalent assets		
– Deposits at call	11,102	11,189
Total cash and cash equivalents	12,043	15,456

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	12,043	15,456
Balance as per Statement of Cash Flows	12,043	15,456

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

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost					
Term deposits		182,500	10,000	177,000	–
Total financial investments	E1-1a	182,500	10,000	177,000	–
Total cash assets, cash equivalents and investments	E1-1a	194,543	10,000	192,456	–

Accounting policy

Financial instruments are recognised initially on the date that 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.

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-2 Financial investments (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Council does not have any investments in financial assets classified as FVOCI or FVTPL as at 30 June 2022.

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

\$ '000	Notes	2022	2021
(a) Externally restricted cash, cash equivalents and investments			
Total cash, cash equivalents and investments		204,543	192,456
Less: Externally restricted cash, cash equivalents and investments		<u>(163,284)</u>	<u>(152,826)</u>
Cash, cash equivalents and investments not subject to external restrictions		41,259	39,630
a-i) External restrictions – included in liabilities			
External restrictions included in cash, cash equivalents and investments above comprise:			
Specific purpose unexpended grants – general fund	C3-2	<u>8,201</u>	<u>3,246</u>
External restrictions – included in liabilities		8,201	3,246
a-ii) External restrictions – other			
External restrictions included in cash, cash equivalents and investments above comprise:			
Developer contributions – general fund	G3-1	19,367	18,149
Developer contributions – water fund	G3-1,D1-2	16,660	18,677
Developer contributions – sewer fund	G3-1,D1-2	15,726	16,161
Developer contributions – stormwater fund	G3-1	1,737	2,161
Specific purpose unexpended grants (recognised as revenue)		2,047	1,222
Water fund	D1-2	46,460	46,898
Sewer fund	D1-2	43,548	38,032
Domestic waste management		6,617	5,876
Stormwater management		555	284
Environment levy		1,207	810
Quarry royalties		1,159	1,310
External restrictions – other		155,083	149,580
Total external restrictions		163,284	152,826

Cash, cash equivalents and investments the use of which is subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation.

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	41,259	39,630
Less: Internally restricted cash, cash equivalents and investments	<u>(36,132)</u>	<u>(39,541)</u>
Unrestricted and unallocated cash, cash equivalents and investments	<u>5,127</u>	<u>89</u>

Internal allocations

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

Bonds and Deposits	C3-1	2,819	3,221
Service Units		1,684	1,864
Capital Works		6,473	13,357
Property Development		2,225	3,362
Council Election		492	375
Employees Leave Entitlements		1,521	1,570
Financial Assistance Grant	B2-4	4,297	2,696
Investing in Our Future		8,872	5,951
Management Committees		319	327
Mayoral Relief Fund	C3-1	43	43
Plant and Fleet Replacement		3,322	2,481
Revolving Energy Fund		220	337
Waste Facilities General Fund		3,675	2,804
Business Transformation		170	720
Budget Equalisation		-	428
Emergency Assistance		-	5
Total internal allocations		<u>36,132</u>	<u>39,541</u>

Cash, cash equivalents and investments not subject to external restrictions are internally allocated based on the Financial Reserves Policy of Council.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-4 Receivables

\$ '000	Notes	2022		2021	2021
		Current	Non-current	Current	Non-current
Rates and annual charges	E1-1b	4,418	–	4,906	–
Interest and extra charges		304	–	279	–
User charges and fees		3,187	–	2,834	–
Accrued revenues					
– Interest on investments		726	–	645	–
– User charges & fees, other income		8,154	–	7,777	–
Government grants and subsidies		6,800	–	1,931	–
Net GST receivable		1,865	–	1,233	–
Advance to organisations and entities		63	590	58	618
Security deposits paid by Council		87	–	84	–
Other debtors		30	–	233	–
Total	E1-1b	25,634	590	19,980	618
Less: provision for impairment					
User charges and fees		(100)	–	(110)	–
Total	E1-1b	(100)	–	(110)	–
Total net receivables		25,534	590	19,870	618

\$ '000	Notes	2022	2021
Movement in provision for impairment of receivables			
Opening impairment allowance calculated under AASB 9		110	144
Movement through provision	G1-1	(10)	(32)
Less: amounts already provided for and written off this year	G1-1	–	(2)
Balance at the end of the year		100	110

Accounting policy

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

Impairment

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

When estimating ECL, 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.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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.

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

Where 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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-5 Inventories

\$ '000	2022 Current	2021 Current
Stores and materials	429	453
Trading stock	31	36
Accountable items	721	677
Total inventories	1,181	1,166

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets

Contract assets

\$ '000	2022 Current	2021 Current
Work relating to infrastructure grants	6,839	4,547
Total contract assets	6,839	4,547

Accounting policy

Contract assets

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

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

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-7 Non-current assets classified as held for sale

\$ '000	2022 Current	2021 Current
Land	-	421
Total non-current assets classified as held for sale	-	421

Reconciliation of non-current assets held for sale

\$ '000	Notes	2022	2021
Opening balance		421	1,689
Add: additional costs capitalised		11	-
Less: carrying value of assets sold	B4-1	(432)	(1,689)
Balance still unsold after 12 months:		-	-
Add: new transfer in assets held for sale	C1-8	-	421
Closing balance of held for sale non-current assets and operations		-	421

Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-8 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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (RS)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	35,531	–	35,531	19,206	4,734	(296)	–	(19,313)	–	39,862	–	39,862
Plant and equipment	31,075	(15,392)	15,683	–	2,703	(533)	(2,417)	–	–	32,062	(16,626)	15,436
Office equipment	8,201	(7,774)	427	–	243	–	(132)	–	–	8,444	(7,906)	538
Furniture and fittings	1,629	(1,326)	303	–	78	–	(55)	5	–	1,712	(1,381)	331
Land:												
– Crown land	18,706	–	18,706	–	–	–	–	–	4,826	23,532	–	23,532
– Community land	61,566	–	61,566	–	20	–	–	–	15,500	77,086	–	77,086
– Operational land	136,404	–	136,404	–	972	–	–	1,744	27,245	166,365	–	166,365
Infrastructure:												
– Buildings	140,015	(43,464)	96,551	1,332	214	(1,284)	(2,444)	9,887	14,474	172,557	(53,827)	118,730
– Other structures	9,172	(2,563)	6,609	–	–	–	(268)	2	625	10,076	(3,108)	6,968
– Roads	639,665	(189,041)	450,624	13,200	2,053	(613)	(11,882)	3,358	50,804	728,525	(220,981)	507,544
– Bridges	39,833	(7,413)	32,420	–	–	–	(405)	–	3,461	44,126	(8,650)	35,476
– Footpaths	44,579	(13,144)	31,435	511	530	(65)	(934)	–	4,522	51,439	(15,440)	35,999
– Bulk earthworks	244,217	–	244,217	1,188	512	–	–	–	26,424	272,341	–	272,341
– Stormwater drainage	151,862	(38,450)	113,412	1,685	1,859	(88)	(1,350)	–	50,893	202,428	(36,017)	166,411
– Water supply network	384,760	(173,764)	210,996	2,909	4,745	(569)	(5,329)	2,134	18,307	435,200	(202,007)	233,193
– Sewerage network	382,416	(124,615)	257,801	1,695	1,595	(710)	(5,673)	2,182	84,882	508,429	(166,657)	341,772
– Open space/recreational assets	38,614	(16,001)	22,613	407	319	(59)	(1,671)	–	2,535	43,327	(19,183)	24,144
– Artworks and monuments	2,449	(463)	1,986	–	–	–	(10)	–	–	2,449	(473)	1,976
Other assets:												
– Library books	5,575	(5,108)	467	–	115	–	(155)	–	–	5,690	(5,263)	427
– Other	10	(9)	1	–	–	–	(1)	1	–	12	(11)	1
Total infrastructure, property, plant and equipment	2,376,279	(638,527)	1,737,752	42,133	20,692	(4,217)	(32,726)	–	304,498	2,825,662	(757,530)	2,068,132

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

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WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-8 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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments to equity (RS)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	20,318	–	20,318	18,281	5,469	(1,805)	–	(6,583)	(149)	–	–	35,531	–	35,531
Plant and equipment	31,127	(14,944)	16,183	–	3,350	(1,540)	(2,339)	29	–	–	–	31,075	(15,392)	15,683
Office equipment	8,165	(7,786)	379	–	167	(1)	(118)	–	–	–	–	8,201	(7,774)	427
Furniture and fittings	1,596	(1,348)	248	–	110	(19)	(36)	–	–	–	–	1,629	(1,326)	303
Land:														
– Operational land	134,741	–	134,741	–	1,434	–	–	650	–	(421)	–	136,404	–	136,404
– Community land	60,215	–	60,215	–	1,351	–	–	–	–	–	–	61,566	–	61,566
– Crown land	18,706	–	18,706	–	–	–	–	–	–	–	–	18,706	–	18,706
Infrastructure:														
– Buildings	124,506	(39,592)	84,914	352	3,980	(11)	(2,105)	252	9,169	–	–	140,015	(43,464)	96,551
– Other structures	5,850	(2,253)	3,597	–	1,231	(10)	(168)	–	(280)	–	2,239	9,172	(2,563)	6,609
– Roads	626,612	(177,994)	448,618	6,699	3,990	(444)	(11,389)	3,150	–	–	–	639,665	(189,041)	450,624
– Bridges	39,832	(7,006)	32,826	–	–	–	(406)	–	–	–	–	39,833	(7,413)	32,420
– Footpaths	42,575	(12,286)	30,289	228	1,885	(68)	(899)	–	–	–	–	44,579	(13,144)	31,435
– Bulk earthworks	243,363	–	243,363	20	904	(70)	–	–	–	–	–	244,217	–	244,217
– Stormwater drainage	148,057	(37,187)	110,870	1,183	2,938	(209)	(1,370)	–	–	–	–	151,862	(38,450)	113,412
– Water supply network	379,364	(169,467)	209,897	2,144	2,170	(987)	(5,209)	1,610	–	–	1,371	384,760	(173,764)	210,996
– Sewerage network	375,677	(119,922)	255,755	2,375	2,026	(956)	(5,608)	892	–	–	3,317	382,416	(124,615)	257,801
– Swimming pools	18,116	(3,428)	14,688	–	52	(4)	(270)	–	(14,466)	–	–	–	–	–
– Open space/recreational assets	21,097	(10,022)	11,075	8	1,641	(486)	(718)	–	3,591	–	7,502	38,614	(16,001)	22,613
– Artworks and monuments	–	–	–	–	–	–	–	–	1,986	–	–	2,449	(463)	1,986
Other assets:														
– Library books	5,424	(4,955)	469	–	151	–	(153)	–	–	–	–	5,575	(5,108)	467
– Other	12	(10)	2	–	–	–	(1)	–	–	–	–	10	(9)	1
Total infrastructure, property, plant and equipment	2,305,353	(608,200)	1,697,153	31,290	32,849	(6,610)	(30,789)	–	(149)	(421)	14,429	2,376,279	(638,527)	1,737,752

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

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-8 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant, equipment, furniture and fittings	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	20
Office furniture	10	Outdoor furniture	20 to 25
Computer equipment	5	Sports surfaces	10 to 80
Vehicles	10	Fences/gates	25 to 60
Heavy plant/road making equipment	10 to 15		
Other plant and equipment	5 to 15	Buildings	
		Structure	40 to 150
Water and sewer assets		Roof	40 to 80
Dams and reservoirs	100	Internal finishes	10 to 40
Reservoir roof and structure	40 to 100	Building services	25 to 50
Reticulation pipes	30 to 100		
Reticulation valves and hydrants	40 to 60	Stormwater assets	
Pumps	20	Drains (lined)	100
Water meters	25	Pipes	80 to 100
Sewer manholes	70	Flood control structure	80 to 120
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	60 to 100	Swimming pools	80
Unsealed roads	14	Other open space/recreational assets	10 to 150
Bridge: concrete	100	Other infrastructure	20 to 50
Bridge: timber	50		
Road pavements (concrete)	50	Other assets	
Culverts	100	Library books	5

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 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 Planning and Environment – Water.

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

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-8 Infrastructure, property, plant and equipment (continued)

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed". The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

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

C1-9 Intangible assets

\$ '000	Notes	Non-current 2022	Non-current 2021
Software			
Opening values at 1 July			
Gross book value		422	–
Accumulated amortisation		–	–
Net book value – opening balance		422	–
Movements for the year			
Development costs		88	273
Other movements	C1-8	–	149
Amortisation charges	B3-4	(69)	–
Closing values at 30 June			
Gross book value		510	422
Accumulated amortisation		(69)	–
Total intangible assets – net book value		441	422

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C1-10 Other Assets

\$ '000	Notes	2022 Current	2021 Current
Prepayments		913	562
Total other assets		913	562

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Land and Buildings

Council leases land and buildings for use for various operational purposes such as providing parks and open spaces and as a community hall. The lease agreements are generally between 20 and 100 years. All of the agreements have significantly below-market terms and conditions principally to enable Council to further its objectives.

Office and IT equipment

Leases for office and IT equipment are generally for computer equipment and photocopiers. The leases are for between three and five years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage. Council also leases some office and IT equipment for low value assets.

Extension options

At commencement date and each subsequent reporting date, Council assesses whether it is reasonably certain that extension options under any of its leases will be exercised.

(a) Right of use assets

\$ '000	Notes	Office and IT equipment	Non-current Total
2022			
Opening balance at 1 July		723	723
Additions to right-of-use assets		185	185
Depreciation charge	B3-4	(304)	(304)
Balance at 30 June		604	604
2021			
Opening balance at 1 July		525	525
Additions to right-of-use assets		457	457
Depreciation charge	B3-4	(259)	(259)
Balance at 30 June		723	723

(b) Lease liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities		281	336	264	469
Total lease liabilities	C3-3a	281	336	264	469

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	296	345	–	641	617
2021					
Cash flows	283	453	–	736	733

(d) Income Statement

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

\$ '000	Notes	2022	2021
Interest expense on lease liabilities	B3-3	23	20
Depreciation of right of use assets	B3-4	304	259
Expenses relating to short-term leases		104	34
Expenses relating to low-value leases		15	21
Expenses relating to Peppercorn leases		1	1
		447	335

(e) Statement of Cash Flows

Total cash outflow for leases	445	339
	445	339

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

Council has a number of leases at significantly below market value for land and buildings which are used for:

- community land
- community halls
- land on which Council has sited buildings

The leases are generally between 2 and 99 years and require payments of a maximum amount of \$1,000 per year.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C2-1 Council as a lessee (continued)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

(i) infrastructure, property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer Note C1-8).

\$ '000	Notes	2022	2021
(i) Assets held as infrastructure, property, plant and equipment (IPPE)			
Council provides operating leases on Council buildings for the purpose of supporting community, business and economic activities. The table below relates to operating leases on assets disclosed in C1-8.			
Lease income (excluding variable lease payments not dependent on an index or rate)		783	689
Lease income relating to variable lease payments not dependent on an index or a rate		51	37
Total income relating to operating leases for Council assets	B2-6	834	726

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C2-2 Council as a lessor (continued)

\$ '000	2022	2021
(ii) Maturity analysis of contractual lease income		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for all operating leases:		
< 1 year	611	609
1–2 years	601	509
2–3 years	513	521
3–4 years	434	430
4–5 years	386	359
> 5 years	3,660	3,380
Total undiscounted lease payments to be received	6,205	5,808

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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3 Liabilities of Council

C3-1 Payables

\$ '000	Notes	2022 Current	2021 Current
Goods and services		9,555	6,412
Accrued expenses:			
– Salaries and wages		137	1,430
– Borrowings		122	136
Government departments and agencies		70	60
Prepaid rates		1,324	1,264
Security bonds, deposits and retentions	C1-3b	2,819	3,221
Other		29	31
Total payables	E1-1c	14,056	12,554

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

\$ '000	Notes	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.			
- Security bonds, deposits and retentions		2,255	2,577
- Other liabilities	C1-3b	43	43
Total payables		2,298	2,620

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 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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2021 Current
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	8,103	3,221
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	98	25
Total grants received in advance	C1-3	8,201	3,246
User charges and fees received in advance:			
Statutory and regulatory	(iii)	1,236	892
Prepaid lease	(iv)	292	297
Other		-	13
Total user charges and fees received in advance		1,528	1,202
Total contract liabilities		9,729	4,448

Notes

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

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

(iii) Statutory and regulatory fees are recognised as a contract liability on receipt and recognised as revenue when Council's performance obligation is satisfied.

(iv) Council invoices lessees for the current lease term in full. Payment of the invoice is recorded as a contract liability on receipt and recognised as revenue over the lease term.

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

\$ '000	Notes	2022	2021
Grants and contributions received in advance:			
Capital grants (to construct Council controlled assets)	B2-4c	1,581	73
Operating grants (received prior to performance obligation being satisfied)	B2-4c	17	42
User charges and fees received in advance:			
Statutory and regulatory		743	416
Other income		296	288
Total revenue recognised that was included in the contract liability balance at the beginning of the period		2,637	819

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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-3 Borrowings

\$ '000	Notes	2022		2021	2021
		Current	Non-current	Current	Non-current
Loans – secured ¹		2,969	17,448	3,269	20,417
Total borrowings	E1-1c	2,969	17,448	3,269	20,417

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

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	23,686	(3,269)	–	–	–	20,417
Lease liability (Note C2-1b)	733	(301)	–	–	185	617
Total liabilities from financing activities	24,419	(3,570)	–	–	185	21,034

\$ '000	2020		Non-cash movements			2021
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	20,985	2,701	–	–	–	23,686
Lease liability (Note C2-1b)	532	(256)	–	–	457	733
Total liabilities from financing activities	21,517	2,445	–	–	457	24,419

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	300	300
Credit cards/purchase cards	250	250
Total financing arrangements	550	550
Drawn facilities		
– Credit cards/purchase cards	37	32
Total drawn financing arrangements	37	32
Undrawn facilities		
– Bank overdraft facilities	300	300
– Credit cards/purchase cards	213	218
Total undrawn financing arrangements	513	518

Breaches and defaults

Additional financing arrangements information

Breaches and defaults

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

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-3 Borrowings (continued)

Security over loans

Loans secured over future cash flows. Lease liabilities are secured by the underlying leased assets.

Bank overdrafts

The bank overdraft of Council is secured over future cashflows.

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

Accounting policy

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

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

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-4 Employee benefit provisions

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Annual leave	3,147	–	3,206	–
Long service leave	4,000	492	4,776	534
Other (RDO and TIL)	484	–	409	–
Employee Leave Entitlements on-costs	196	9	160	7
Total employee benefit provisions	7,827	501	8,551	541

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,695	5,130
	4,695	5,130

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 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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-5 Provisions

\$ '000	2022	2021
	Non-Current	Non-Current
Asset remediation/restoration:		
Landfill remediation/restoration (future works)	17,313	3,588
Sub-total – asset remediation/restoration	17,313	3,588
Total provisions	17,313	3,588

Description of and movements in provisions

\$ '000	Landfill remediation	Total
	2022	
At beginning of year	3,588	3,588
Additional provisions ^{B3-5}	13,725	13,725
Total other provisions at end of year	17,313	17,313
2021		
At beginning of year	3,500	3,500
Additional provisions ^{B3-5}	88	88
Total other provisions at end of year	3,588	3,588

Nature and purpose of provisions

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

Accounting policy

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

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

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

Asset remediation – landfill

Subsequent to commissioning a report to provide detailed estimates of the costs of remediation of the former landfill site at Welby, Council recognised a provision for landfill remediation/restoration (future works) during the year ended 30 June 2019. The estimates have been reviewed and updated as at 30 June 2022.

A pre-feasibility/conceptual cost estimate (+/- 25% estimate accuracy) was determined, in support of the closure of the former landfill site at Welby. The cost estimate accounts for preliminaries, planning and preparation, owner's costs (including engineering design and project management), contractor direct construction costs, project contingency, and three years post-construction monitoring. In total the cost including growth has been estimated at \$17,312,700.

Restoration

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

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

C3-5 Provisions (continued)

the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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

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

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

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Revaluation surplus

The revaluation surplus is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	63,990	3,957	18,579
User charges and fees	11,482	8,876	1,734
Interest and investment income	629	414	387
Other revenues	1,635	489	482
Grants and contributions provided for operating purposes	21,348	–	36
Grants and contributions provided for capital purposes	27,939	3,547	3,864
Net gains from disposal of assets	–	–	–
Other income	630	204	–
Total income from continuing operations	127,653	17,487	25,082
Expenses from continuing operations			
Employee benefits and on-costs	31,431	3,131	3,805
Materials and services	37,134	5,685	5,591
Borrowing costs	511	–	230
Depreciation, amortisation and impairment of non-financial assets	21,655	5,532	5,912
Other expenses	16,700	14	1
Net losses from the disposal of assets	2,321	628	558
Total expenses from continuing operations	109,752	14,990	16,097
Operating result from continuing operations	17,901	2,497	8,985
Net operating result attributable to each council fund	17,901	2,497	8,985
Net operating result for the year before grants and contributions provided for capital purposes	(10,038)	(1,050)	5,121

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

D1-2 Statement of Financial Position by fund

\$ '000	Notes	General 2022	Water 2022	Sewer 2022
ASSETS				
Current assets				
Cash and cash equivalents	C1-3a	4,473	3,904	3,666
Investments	C1-3a	77,676	54,216	50,608
Receivables		15,583	3,718	6,233
Inventories		615	502	64
Contract assets and contract cost assets		6,839	–	–
Other		913	–	–
Total current assets		106,099	62,340	60,571
Non-current assets				
Investments	C1-3a	–	5,000	5,000
Receivables		590	–	–
Infrastructure, property, plant and equipment		1,440,711	256,590	370,831
Intangible assets		441	–	–
Right of use assets		604	–	–
Total non-current assets		1,442,346	261,590	375,831
Total assets		1,548,445	323,930	436,402
LIABILITIES				
Current liabilities				
Payables		12,382	1,024	650
Contract liabilities		9,452	135	142
Lease liabilities		281	–	–
Borrowings		1,560	–	1,409
Employee benefit provision		6,307	536	984
Total current liabilities		29,982	1,695	3,185
Non-current liabilities				
Lease liabilities		336	–	–
Borrowings		12,350	–	5,098
Employee benefit provision		362	53	86
Provisions		17,313	–	–
Total non-current liabilities		30,361	53	5,184
Total liabilities		60,343	1,748	8,369
Net assets		1,488,102	322,182	428,033
EQUITY				
Accumulated surplus		523,563	105,070	188,719
Revaluation surplus		964,539	217,112	239,314
Total equity		1,488,102	322,182	428,033

D2 Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

Council has an interest in the Canberra Region Joint Organisation, along with other member Councils, which is not considered material. The activities of this organisation are not controlled by any one Council.

The Canberra Region Joint Organisation provides a forum for Councils, State agencies and other stakeholders to work together at a regional level to identify shared priorities.

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

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

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	Notes	2022	2021
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	C1-2	1,945	1,925
Impact of a 10% movement in price of investments			
– Equity / Income Statement	C1-2	19,454	19,246

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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 other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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

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.

\$ '000	Notes	Not yet due	overdue rates and annual charges		Total
			< 5 years	≥ 5 years	
2022					
Gross carrying amount	C1-4	–	4,194	224	4,418
2021					
Gross carrying amount	C1-4	–	4,724	182	4,906

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 (ECL), 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.

\$ '000	Notes	Not yet due	Overdue debts				Total
			0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022							
Gross carrying amount	C1-4,C1-6	24,492	1,166	828	41	2,118	28,645
Expected loss rate (%)		0.01%	2.06%	0.06%	0.58%	3.48%	0.35%
ECL provision	C1-4b	2	24	–	–	74	100
2021							
Gross carrying amount	C1-4,C1-6	17,116	12	24	1,341	1,746	20,239
Expected loss rate (%)		0.03%	24.57%	6.07%	1.29%	4.79%	0.55%
ECL provision	C1-4b	5	3	1	17	84	110

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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 of the maturity analysis and interest rate exposure 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.

\$ '000	Notes	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
				≤ 1 Year	1 - 5 Years	> 5 Years		
2022								
Payables	C3-1	0.00%	2,862	9,876	–	–	12,738	14,056
Borrowings	C3-3	3.48%	–	3,572	8,880	11,797	24,249	20,417
Total financial liabilities			2,862	13,448	8,880	11,797	36,987	34,473
2021								
Payables	C3-1	0.00%	3,264	8,026	–	–	11,290	12,554
Borrowings	C3-3	3.23%	–	3,980	11,075	13,173	28,228	23,686
Total financial liabilities			3,264	12,006	11,075	13,173	39,518	36,240

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E2-1 Fair value measurement

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

- Financial assets, measured at FVTPL, at FVOCI, or at amortised cost (Note C1-2), and
- Infrastructure, property, plant and equipment (Note C1-8).

During the reporting period, Council has also measured the following assets on a non-recurring basis, to ensure the carrying amount of the assets at fair value:

- Non-current assets classified as 'held for sale'.

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

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

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs 2022	2021	Level 3 Significant unobservable inputs 2022	2021	2022	2021
Recurring fair value measurements							
Financial assets							
Financial investments							
At amortised cost							
		192,500	177,000	–	–	192,500	177,000
Total financial assets	C1-2	192,500	177,000	–	–	192,500	177,000
Infrastructure, property, plant and equipment							
WIP		–	–	39,862	35,531	39,862	35,531
Plant & Equipment		–	–	15,436	15,683	15,436	15,683
Office Equipment		–	–	538	427	538	427
Furniture & Fittings		–	–	331	303	331	303
Crown Land		–	–	23,532	18,706	23,532	18,706
Community Land		–	–	77,086	61,566	77,086	61,566
Operational Land		–	–	166,365	136,404	166,365	136,404
Buildings		–	–	118,730	96,551	118,730	96,551
Other Structures		–	–	6,968	6,609	6,968	6,609
Roads		–	–	507,544	450,624	507,544	450,624
Bridges		–	–	35,476	32,420	35,476	32,420
Footpaths		–	–	35,999	31,435	35,999	31,435
Bulk Earthworks		–	–	272,341	244,217	272,341	244,217
Stormwater Drainage		–	–	166,411	113,412	166,411	113,412
Water Supply Network		–	–	233,193	210,996	233,193	210,996
Sewerage Network		–	–	341,772	257,801	341,772	257,801
Open Space/Recreational Assets		–	–	24,144	22,613	24,144	22,613
Artworks and monuments		–	–	1,976	1,986	1,976	1,986
Library Books		–	–	427	467	427	467
Other		–	–	1	1	1	1
Total infrastructure, property, plant and equipment	C1-8	–	–	2,068,132	1,737,752	2,068,132	1,737,752
Non-current assets classified as held for sale							
Land		–	–	–	421	–	421
Total NCA's classified as held for sale	C1-7	–	–	–	421	–	421

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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

Financial assets

Council obtains its fair values for fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) from an independent valuation.

Council has not invested in FVTPL and FVOCI assets for the year ended 30 June 2022.

Council obtains its fair values for held to maturity investments measured at amortised cost from audit confirmations provided by Approved Deposit Taking Institutions (ADIs).

Infrastructure, property, plant and equipment (IPPE)

Property, Plant and Equipment, Furniture and Fittings

Council's Plant & Equipment, Furniture & Fittings incorporates:

- Major plant Truck, tractors, street sweepers
- Fleet vehicles Cars, vans, utes etc.
- Minor plant Chainsaws, brush cutters, mowers, concrete mixers
- Furniture & fittings Desks, chairs, display systems
- Office equipment Computers, monitors, PABX, projectors etc.

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

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

Operational Land

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

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

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

The unobservable Level 3 inputs used include:

- Rate per square metre
- Description of land

The 'Market Approach' is used to value Operational Land. There has been no change to the valuation process during the reporting period.

Community and Crown Land

Council's "Community" land (including land owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under Section 7.11 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and;

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E2-1 Fair value measurement (continued)

- Must have a plan of management for it

In relation to community land the Office of Local Government has reviewed its position on the use of the NSW Valuer General's valuations of community land and in association with the Local Government Accounting Advisory Group; the Office has determined that community land may be valued as follows:

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

Council fair values community land using unobservable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the NSW Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the NSW Valuer General did not provide a UCV.

The 'Market Approach' is used to value community land. There has been no change to the valuation process during the reporting period.

Property – Buildings (Specialised & Non-Specialised)

Council buildings comprise:

- Libraries
- Public amenities
- Sporting club houses
- Kiosks and amenities
- Depot buildings and workshops
- Community centres
- Rural Fire Service buildings

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

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

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset

The 'Cost Approach' is used to value specialised buildings. There has been no change to the valuation process during the reporting period.

Other Structures

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

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

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

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Residual value
- Asset condition
- Useful life

The 'Cost Approach' is used to value other structures. There has been no change to the valuation process during the reporting period.

Roads, Bridges & Footpaths

This asset class comprises:

- Road carriageways
- Bus shelters
- Car parks

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E2-1 Fair value measurement (continued)

- Guardrails
- Kerb and guttering
- Bridges
- Footpaths
- Traffic facilities
- Road drainage

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

Council's Asset Management System (Conquest) contains detailed dimensions and specifications for all Council road assets.

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

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

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life of carriageway
- Gross replacement cost

The 'Cost Approach' is used to value road assets. There were no changes in valuation technique from prior year.

Stormwater Drainage

Council's drainage assets comprise:

- Pits
- Pipes
- Culverts
- Open channels
- Headwalls
- Various types of water quality device used to collect, store and remove stormwater

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council drainage assets. Council applies fair values to drainage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value drainage by componentising the assets into significant parts and then rolling up these component values to provide an overall drainage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

Water Supply Network

Council's water supply network comprises:

- Treatment Works
- Dams
- Reservoirs
- Pumping stations
- Water reticulation (pipes, valves, hydrants, meters, service lines)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council water assets. Council applies fair values to water infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value water assets by componentising the assets into significant parts and then rolling up these component values to provide an overall water valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E2-1 Fair value measurement (continued)

- Asset condition
- Remaining life
- Gross replacement cost

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

Sewerage Supply Network

Assets within this class comprise:

- Treatment works
- Pumping stations
- Sewerage reticulation (pipes, manholes, valves, vents)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council sewerage assets. Council applies fair values to sewerage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value sewer assets by componentising the assets into significant parts and then rolling up these component values to provide an overall sewerage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

Other Assets

Council's other assets comprise:

- Library books
- Reference materials
- CD's & DVD's
- Art collections

Council fair values other assets using Level 3 inputs.

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

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Furniture & Fittings	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Operational Land	Level 3	Price per square metre
Community and Crown Land	Level 3	Average unit rate based on unimproved capital value per square metre
Buildings	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset condition
Other Structures	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Roads	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Bridges	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Footpaths	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Bulk Earthworks (non-depreciable)	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Stormwater Drainage	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Water Supply Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Sewerage Supply Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Swimming Pools	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Other Open Space/Recreational Assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Library Books	Level 3	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition
Other	Level 3	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition

Highest and best use

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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.

CONTINGENT LIABILITIES

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 Scheme.

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% of salaries for the year ended 30 June 2022 (increasing to 8.05% 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 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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 Scheme'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 Council.

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

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

The total amount of Council contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2022 was \$341,881.56 (2021: \$290,445.74). The last valuation

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E3-1 Contingencies (continued)

of the Scheme was performed by the Scheme Actuary, Richard Boyfield FIAA as at 30 June 2021, and covers the period ended 30 June 2022.

According to the Scheme Trustee, Council has attributed 0.43% to the \$40.0 million accrued liabilities for the year ended 30 June 2022. The amount of additional contributions included in the total employer contribution advised above is \$86,183.04 (2021: \$176,900). Council's expected contribution to the Scheme for the next annual reporting period is \$264,644.88 (2021: \$288,140.88).

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.

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

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

Investment return	5.50% per annum
Salary inflation *	3.50% per annum
Increase in CPI	2.50% 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.

The estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to the year ended 30 June 2022 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 the APRA.

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

(iv) Other guarantees

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

2. Other liabilities

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Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

E3-1 Contingencies (continued)

(i) Third party claims

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) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

CONTINGENT ASSETS

(i) 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 as at 30 June 2022.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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. KMP personnel of Council include Councillors, Interim Administrator, General Manager, Directors, Executive Managers and Chief Financial Officer.

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,586	2,754
Short-term benefits - contractual basis	–	4
Post-employment benefits	153	296
Termination benefits	525	1,656
Total	2,264	4,710

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2022						
Payment of rates and water charges to Council	1	18	–		–	–
2021						
Payment of rates and water charges to Council	1	178	28		–	–
Payment by Council for the provision of services	2	86	–		–	–
Development application fees and/or developer contributions paid to Council	3	25	–		–	–

1 As per Council's Related Party Disclosures Policy ordinary citizen transactions such as the payment of rates are not required to be disclosed, unless their aggregate amount exceeds \$10,000. The amount disclosed relates to rates and water account payments by one (seven in 2021) of Council's key management personnel (including their related parties). Outstanding balances are secured against property.

2 In 2021, Council engaged the services of a not-for-profit organisation of which one of Council's KMP is a committee member. Amounts were billed, and were due and payable, in accordance with the organisation's standard terms.

3 A related party of one of Council's KMP made payments to Council during the year ended 30 June 2021 in relation to a secondary dwelling.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

F1-2 Interim Administrator, Councillor and Mayoral fees and associated expenses

\$ '000	Notes	2022	2021
<p>The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are as below. An Interim Administrator was appointed to Council in March 2021.</p>			
Interim Administrator fees		278	80
Interim Administrator expenses		54	24
Mayoral fees		-	42
Councillors' fees		-	138
Councillors' (including Mayor) expenses		-	107
Total	B3-2	332	391

F2 Other relationships

F2-1 Audit fees

\$ '000	Notes	2022	2021
<p>During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms</p>			
Auditors of the Council - NSW Auditor-General:	B3-2		
(i) Audit and other assurance services			
Audit and review of financial statements		109	101
Total Auditor-General remuneration		109	101
Non NSW Auditor-General audit firms			
(i) Audit and other assurance services			
Due diligence services		6	56
Total remuneration of non NSW Auditor-General audit firms		6	56
Total audit fees		115	157

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	Notes	2022	2021
Net operating result from Income Statement		29,383	33,640
Add / (less) non-cash items:			
Depreciation and amortisation	B3-4	33,099	31,048
Landfill remediation and restoration	B3-5	13,725	88
(Gain) / loss on disposal of assets	B4-1	3,507	4,302
Non-cash capital grants and contributions	B2-4	(8,372)	(17,601)
Losses/(gains) recognised on fair value re-measurements through P&L:			
– Interest-free advances made by Council (deferred debtors)	B3-3	8	47
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council	B2-5	(20)	(17)
Movements in operating assets and liabilities and other cash items:			
(Increase) / decrease of receivables		(5,649)	(2,254)
Increase / (decrease) in provision for impairment of receivables	C1-4b	(10)	(34)
(Increase) / decrease of inventories		(15)	(72)
(Increase) / decrease of other current assets		(351)	(38)
(Increase) / decrease of contract asset		(2,292)	(350)
Increase / (decrease) in payables		3,143	(3,174)
Increase / (decrease) in accrued interest payable		(14)	30
Increase / (decrease) in other accrued expenses payable		(1,293)	179
Increase / (decrease) in other liabilities		(334)	510
Increase / (decrease) in contract liabilities		5,281	3,478
Increase / (decrease) in employee benefit provision		(764)	(486)
Net cash flows from operating activities of Statement of Cash Flows		69,032	49,296

(b) Non-cash investing and financing activities

Bushfire grants		486	500
Other dedications		7,886	17,101
Total non-cash investing and financing activities	B2-4	8,372	17,601

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure, property, plant and equipment		
Buildings	5,507	10,696
Plant and equipment	1,058	948
Infrastructure	6,738	1,813
Water system assets	2,208	7,335
Sewer system assets	2,680	4,983
Open Space	1,275	188
Total commitments	19,466	25,963
These expenditures are payable as follows:		
Within the next year	19,466	25,963
Total payable	19,466	25,963
Sources for funding of capital commitments:		
Sect 64 and 94 funds/reserves	1,275	–
Unexpended grants	6,738	1,813
Externally restricted reserves (water and sewer)	4,888	12,318
Internally restricted reserves	6,565	11,832
Total sources of funding	19,466	25,963

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

\$ '000	Notes	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
			Cash	Non-cash					
Roads	G4-2	6,207	751	-	45	-	-	7,003	-
Community facilities	G4-2	521	57	-	4	(52)	-	530	-
Open Space & Community Facilities	G4-2	7,339	478	-	51	(471)	-	7,397	-
Administration	G4-2	814	100	-	6	-	-	920	-
Community Facilities Library	G4-2	731	88	-	5	-	-	824	-
Administration (MVEC)	G4-2	1	1	-	-	-	-	2	-
Future Works (MVEC)	G4-2	175	36	-	1	-	-	212	-
Land Acquisition (MVEC)	G4-2	(3)	2	-	-	-	-	(1)	-
S7.11 contributions – under a plan		15,785	1,513	-	112	(523)	-	16,887	-
S7.12 levies – under a plan	G4	627	148	-	5	(48)	-	732	-
Total S7.11 and S7.12 revenue under plans		16,412	1,661	-	117	(571)	-	17,619	-
S7.11 not under plans (VPA)	G4-3	3,569	-	-	23	-	-	3,592	-
S7.11 not under plans Parking		311	-	-	2	-	-	313	-
S64 Contributions Water		17,816	2,442	-	116	(4,580)	-	15,794	-
S64 Contributions Sewer		14,899	2,055	-	100	(2,599)	-	14,455	-
S64 Stormwater		2,141	412	-	16	(852)	-	1,717	-
Total contributions	C1-3a	55,148	6,570	-	374	(8,602)	-	53,490	-

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.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G4-2 Developer contributions by plan

\$ '000	Notes	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
			Cash	Non-cash					
CONTRIBUTION PLAN 1									
Roads		6,207	751	-	45	-	-	7,003	-
Community facilities		521	57	-	4	(52)	-	530	-
Open Space & Community Facilities		7,339	478	-	51	(471)	-	7,397	-
Administration		814	100	-	6	-	-	920	-
Community Facilities Library		731	88	-	5	-	-	824	-
Total	G4-1	15,612	1,474	-	111	(523)	-	16,674	-
S94 CONTRIBUTIONS - UNDER A PLAN (MVEC)									
Administration (MVEC)		1	1	-	-	-	-	2	-
Future Works (MVEC)		175	36	-	1	-	-	212	-
Land Acquisition (MVEC)		(3)	2	-	-	-	-	(1)	-
Total	G4-1	173	39	-	1	-	-	213	-
S7.12 Levies – under a plan									
S94A Plan									
S94A		627	148	-	5	(48)	-	732	-
Total	G4-1	627	148	-	5	(48)	-	732	-

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G4-3 Contributions not under plans

\$ '000	Notes	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
			Cash	Non-cash					
S94 not under Plans (VPA)									
Drainage		20	-	-	-	-	-	20	-
Roads		505	-	-	3	-	-	508	-
Open space		266	-	-	2	-	-	268	-
Community facilities		52	-	-	-	-	-	52	-
Sewer		1,262	-	-	9	-	-	1,271	-
Water		861	-	-	5	-	-	866	-
RRC		90	-	-	1	-	-	91	-
ASH		11	-	-	-	-	-	11	-
Administration		462	-	-	3	-	-	465	-
Management Contribution		40	-	-	-	-	-	40	-
Total	G4-1	3,569	-	-	23	-	-	3,592	-

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	<u>11,265</u>	8.35%	2.96%	7.13%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	<u>134,872</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	<u>113,488</u>	66.67%	71.00%	73.35%	> 60.00%
Total continuing operating revenue ¹	<u>170,222</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions	<u>64,506</u>	4.34x	5.15x	5.72x	> 1.50x
Current liabilities less specific purpose liabilities	<u>14,850</u>				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	<u>45,105</u>	10.46x	7.66x	7.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>4,311</u>				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	<u>4,722</u>	5.14%	5.92%	4.77%	< 10.00%
Rates and annual charges collectable	<u>91,946</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>204,543</u>	23.76 months	22.41 months	24.13 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<u>8,609</u>				

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

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

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

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}	6.03%	(2.23)%	(3.03)%	3.18%	26.77%	24.37%	> 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	61.39%	67.40%	79.72%	77.48%	84.45%	82.14%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.09x	4.67x	33.27x	32.67x	17.29x	13.86x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12.30x	8.69x	∞	∞	5.72x	4.42x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	6.81%	7.87%	11.89%	12.23%	7.13%	8.27%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	11.88 months	10.88 months	85.78 months	82.10 months	61.90 months	48.84 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Notes to the Financial Statements 30 June 2022

End of the audited financial statements

Page 74



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wingecarribee Shire Council

To the Administrator of Wingecarribee Shire Council

Opinion

I have audited the accompanying financial statements of Wingecarribee Shire Council (the Council), which comprise the Statement by the Administrator and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator is 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 Administrator's Responsibilities for the Financial Statements

The Administrator is 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 Administrator determines 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 Administrator is 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.

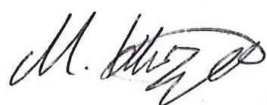
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, 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.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

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.



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**



Mr Viv May PSM
The Administrator
Wingecarribee Shire Council
PO Box 141
MOSS VALE NSW 2577

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: D2221397/1809

31 October 2022

Dear Administrator

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

I have audited the general purpose financial statements (GPFS) of the Wingecarribee 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 an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	86.5	83.4	↑ 3.7
Grants and contributions revenue	56.7	45.2	↑ 25.4
Operating result from continuing operations	29.4	33.6	↓ 12.5
Net operating result before capital grants and contributions	(6.0)	(0.7)	↓ 757.1

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

The Council's operating result from continuing operations was a surplus of \$29.4 million, which is \$4.2 million lower than the 2020–21. This is mainly due to an increase in materials and services expenses (\$5.9 million) and increase in the provision for the restoration of the Welby site (\$13.7 million), which was partially offset by increased income (\$14.5 million).

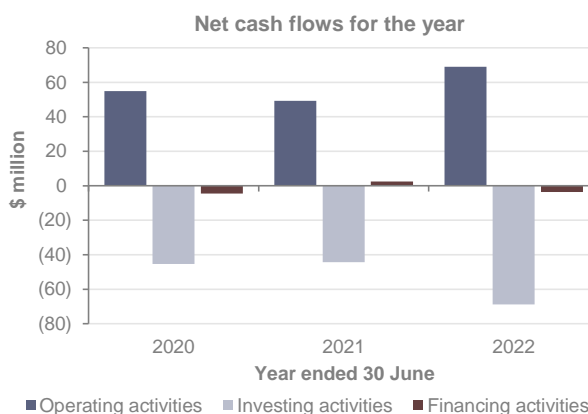
The net operating result before capital grants and contributions was a deficit of \$5.9 million, which is \$5.3 million higher than the 2020–21 result. This was mainly due to an increase in materials and services expenses (\$5.9 million) and increase in the provision for restoration of the Welby site (\$13.7 million), which was partially offset by an increase in operating grants and contributions (\$10.6 million).

Grants and contributions revenue increased by \$11.5 million (25.4 per cent), mainly due to the increase in operating grants for environmental programs and transport and communication.

Rates and annual charges revenue increased by \$3.1 million (3.7 per cent) in 2021–22 mainly due to the rate peg increase and increase in rateable properties.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$12.0 million (\$15.5 million for the year ended 30 June 2021). There was a net decrease in cash and cash equivalents of \$3.5 million at 30 June 2022.
- Net cash from operating activities has increased by \$19.7 million. This is mainly due to an increase in grants and contributions received during the year.
- Net cash from investing activities has decreased by \$24.5 million. This is mainly due to the acquisition of term deposits and purchase of infrastructure, property, plant and equipment
- Net cash from financing activities decreased by \$6.0 million. This is mainly due to repayment of borrowings of \$3.2 million and no new borrowings obtained during the year.



AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	204.5	192.4	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$10.5 million primarily due to: <ul style="list-style-type: none"> sewer fund (\$5.5 million) specific purpose unexpended grants - general fund (\$5.0 million) Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs or works and any forward plans identified by Council. Council's internally restricted cash and investments have decreased slightly by \$3.4 million. Unrestricted cash and investments was \$5.1 million, which is available to provide liquidity for day-to-day operations of the Council. Unrestricted cash has increased by \$5 million mainly due to transfer of funds from internal restricted balance to cover the operational needs.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	163.3	152.8	
• Internal allocations	36.1	39.5	
• Unrestricted	5.1	0.1	

PERFORMANCE

Performance measures

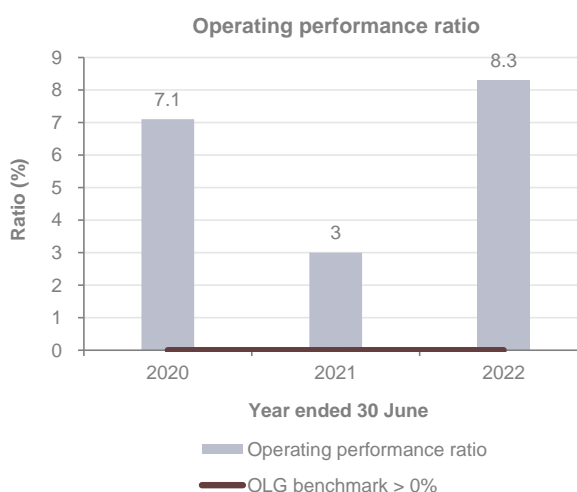
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

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.

Council's operating performance ratio of 8.3 per cent was above the OLG benchmark.

The operating performance ratio has improved, mainly due to the increase in operating grants and contributions.



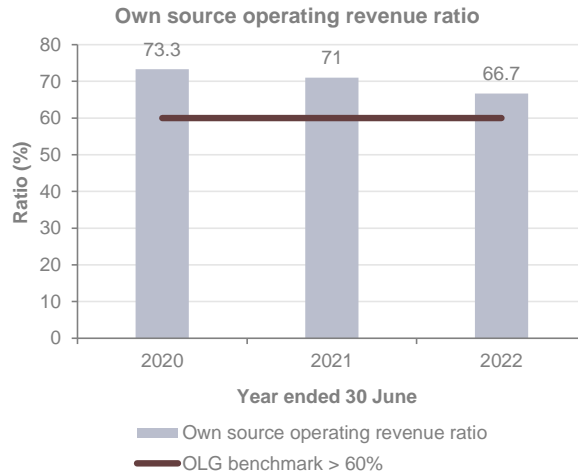
**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Own source operating revenue ratio

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

The Council's own source operating revenue ratio of 66.7 per cent exceeded the OLG benchmark.

The own source operating revenue ratio has slightly decreased, due to the increase in operating grants and contributions.

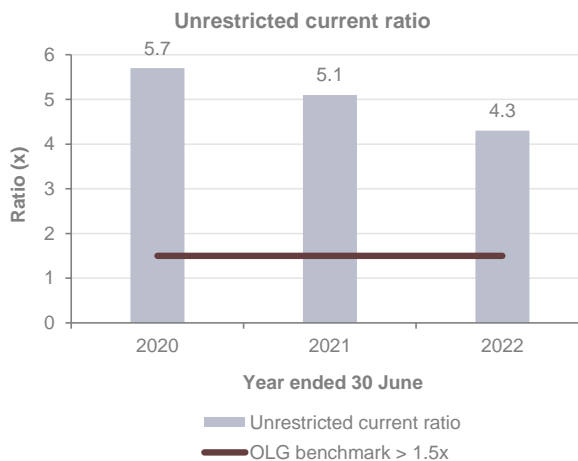


Unrestricted current ratio

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's unrestricted current ratio of 4.3 times is greater than the industry benchmark minimum of greater than 1.5 times.

The Council's unrestricted current ratio has decreased compared with the prior year due to the increase in current liabilities.



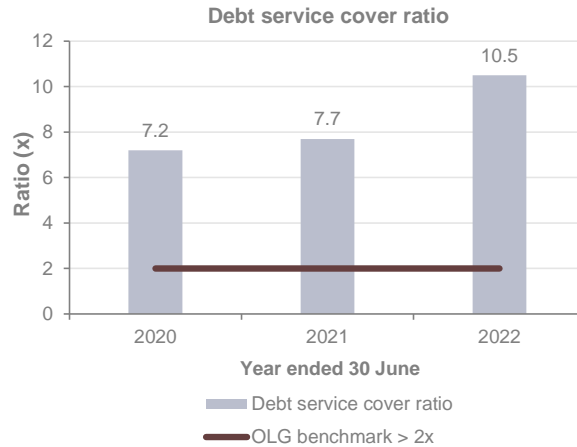
**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

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 debt service cover ratio of 10.5 times exceeded the industry benchmark.

The increase in the ratio compared with the prior year was mainly due to the improved operating result.

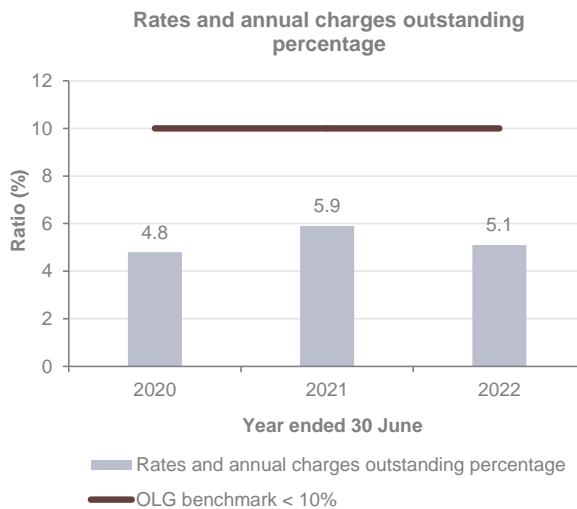


Rates and annual charges outstanding percentage

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

The Council's rates and annual charges outstanding ratio of 5.1 per cent is within the industry benchmark of less than 10%.

The rates and annual charges outstanding percentage has remained steady compared to prior years.



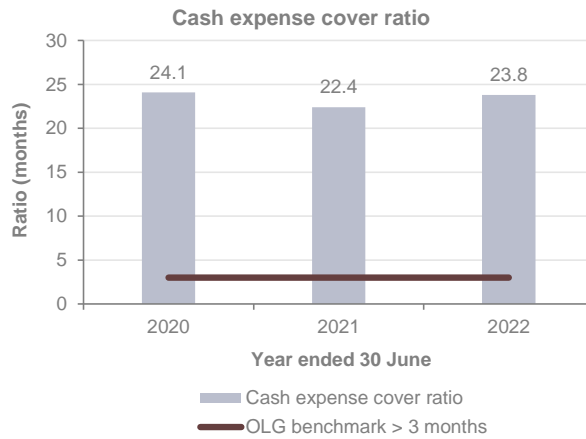
AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

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 23.8 months, which is above the industry benchmark.

The Council's cash expense cover ratio has remained relatively steady in comparison to the prior year.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$42.1 million of assets in the 2021–22 financial year, compared to \$31.3 million of assets in the prior year. The increase is primarily due to the increase in renewals of roads.

Legislative compliance

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

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

Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Ms Lisa Miscamble, General Manager
Mr Stephen Horne, Chair of Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment



Special Purpose Financial Statements

For the year ended 30 June 2022

Working with you

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 September 2022.



Viv May PSM
Administrator
27 October 2022



Lisa Miscamble
General Manager
27 October 2022



Pav Kuzmanovski
Responsible Accounting Officer
27 October 2022

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Income Statement of water supply business activity | for the year ended 30 June 2022

Wingecarribee Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	3,957	3,803
User charges	8,264	8,776
Fees	612	624
Interest and investment income	414	614
Other revenue	489	–
Grants and contributions provided for operating purposes	–	48
Other income	204	620
Total income from continuing operations	13,940	14,485
Expenses from continuing operations		
Employee benefits and on-costs	3,131	3,054
Materials and services	4,529	4,266
Depreciation, amortisation and impairment	5,532	5,401
Water purchase charges	1,156	1,274
Net loss from the disposal of assets	628	962
Calculated taxation equivalents	210	213
Other expenses	14	30
Total expenses from continuing operations	15,200	15,200
Deficit from continuing operations before capital amounts	(1,260)	(715)
Grants and contributions provided for capital purposes	3,547	4,148
Surplus from continuing operations after capital amounts	2,287	3,433
Surplus from all operations before tax	2,287	3,433
Surplus after tax	2,287	3,433
Plus opening accumulated surplus	102,573	98,927
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	210	213
Closing accumulated surplus	105,070	102,573
Return on capital %	(0.5)%	(0.3)%
Subsidy from Council	10,651	4,135
Calculation of dividend payable:		
Surplus after tax	2,287	3,433
Surplus for dividend calculation purposes	2,287	3,433
Potential dividend calculated from surplus	1,144	1,717

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

Wingecarribee Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	18,579	17,934
User charges	1,202	1,193
Liquid trade waste charges	2	2
Fees	530	575
Other revenue	482	527
Interest and investment income	387	522
Grants and contributions provided for operating purposes	36	4
Total income from continuing operations	21,218	20,757
Expenses from continuing operations		
Employee benefits and on-costs	3,805	3,860
Borrowing costs	230	284
Materials and services	5,591	5,777
Depreciation, amortisation and impairment	5,912	5,778
Other expenses	1	–
Net loss from the disposal of assets	558	959
Calculated taxation equivalents	205	209
Debt guarantee fee (if applicable)	238	121
Total expenses from continuing operations	16,540	16,988
Surplus from continuing operations before capital amounts	4,678	3,769
Grants and contributions provided for capital purposes	3,864	4,509
Surplus from continuing operations after capital amounts	8,542	8,278
Surplus from all operations before tax	8,542	8,278
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,170)	(980)
Surplus after tax	7,372	7,298
Plus opening accumulated surplus	179,731	171,123
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	205	209
– Debt guarantee fees	238	121
– Corporate taxation equivalent	1,170	980
Closing accumulated surplus	188,716	179,731
Return on capital %	1.3%	1.4%
Subsidy from Council	8,664	127
Calculation of dividend payable:		
Surplus after tax	7,373	7,298
Less: capital grants and contributions (excluding developer contributions)	–	(168)
Surplus for dividend calculation purposes	7,373	7,130
Potential dividend calculated from surplus	3,686	3,565

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	3,904	5,246
Investments	54,216	60,329
Receivables	3,718	4,144
Inventories	502	505
Total current assets	62,340	70,224
Non-current assets		
Investments	5,000	–
Infrastructure, property, plant and equipment	256,590	229,509
Total non-current assets	261,590	229,509
Total assets	323,930	299,733
LIABILITIES		
Current liabilities		
Payables	1,024	1,242
Contract liabilities	135	182
Employee benefit provisions	536	511
Total current liabilities	1,695	1,935
Non-current liabilities		
Employee benefit provisions	53	33
Total non-current liabilities	53	33
Total liabilities	1,748	1,968
Net assets	322,182	297,765
EQUITY		
Accumulated surplus	105,070	102,573
Revaluation surplus	217,112	195,192
Total equity	322,182	297,765

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

Wingecarribee Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	3,666	4,335
Investments	50,608	49,858
Receivables	6,233	6,288
Inventories	64	58
Total current assets	60,571	60,539
Non-current assets		
Investments	5,000	–
Infrastructure, property, plant and equipment	370,831	280,550
Total non-current assets	375,831	280,550
Total assets	436,402	341,089
LIABILITIES		
Current liabilities		
Payables	650	1,167
Contract liabilities	142	91
Borrowings	1,409	1,634
Employee benefit provisions	984	1,029
Total current liabilities	3,185	3,921
Non-current liabilities		
Borrowings	5,098	6,507
Employee benefit provisions	86	73
Total non-current liabilities	5,184	6,580
Total liabilities	8,369	10,501
Net assets	428,033	330,588
EQUITY		
Accumulated surplus	188,719	179,731
Revaluation surplus	239,314	150,857
Total equity	428,033	330,588

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Special Purpose Financial Statements 2022

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, 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. Wingecarribee Shire Council Water Fund

Comprising the whole of the operations and assets of the water supply systems servicing the major towns of Moss Vale, Bowral, Mittagong, Robertson and Bundanoon and surrounding villages, and the village of Berrima.

b. Wingecarribee Shire Council Sewerage Fund

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the major towns of Moss Vale, Bowral and Bundanoon, Robertson, and Mittagong and surrounding villages, and the village of Berrima.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

continued on next page ...

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Special Purpose Financial Statements 2022

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 25.0% (2021: 26.0%)

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the Department of Planning and Environment – 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 25.0% (2021: 26.0%).

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

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

The rate applied of 25.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

continued on next page ...

Page 9

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Special Purpose Financial Statements 2022

Note – Significant Accounting Policies (continued)

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/2022 (2021: 1.49%).

(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 their water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Planning, Industry & Environment – 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 Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning, Industry & Environment – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Wingecarribee Shire Council

To the Administrator of Wingecarribee Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Wingecarribee Shire Council's (the Council) Declared Business Activities, which comprise the Statement by the Administrator 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.

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

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 Administrator is 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 Administrators' Responsibilities for the Financial Statements

The Administrator is 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 Administrator's responsibility also includes such internal control as the Administrator determines 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 Administrator is 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.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

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.



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY



Bundanoon Skate Park

Special Schedules

For the year ended 30 June 2022

Working with you

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**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council

Special Schedules

for the year ended 30 June 2022

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AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Permissible income for general rates | for the year ended 30 June 2022

Wingecarribee Shire Council

Permissible income for general rates

\$ '000	Notes	2021/22	2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	52,621	54,134
Plus or minus adjustments ²	b	370	537
Notional general income	c = a + b	52,991	54,671
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.00%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	2.01%
Or plus rate peg amount	i = e x (c + g)	1,060	–
Or plus Crown land adjustment and rate peg amount	j = f x (c + g)	–	1,099
Sub-total	k = (c + g + h + i + j)	54,051	55,770
Plus (or minus) last year's carry forward total	l	81	4
Less valuation objections claimed in the previous year	m	–	(6)
Sub-total	n = (l + m)	81	(2)
Total permissible income	o = k + n	54,132	55,768
Less notional general income yield	p	54,134	55,748
Catch-up or (excess) result	q = o – p	(2)	20
Plus income lost due to valuation objections claimed ⁴	r	6	–
Carry forward to next year ⁶	t = q + r + s	4	20

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)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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

Wingecarribee Shire Council

To the Administrator of Wingecarribee Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Wingecarribee 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 Administrator is 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 Administrator's Responsibilities for the Schedule

The Administrator is responsible for the preparation of the Schedule in accordance with the LG Code. The Administrator's responsibility also includes such internal control as the Administrator determines 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 Administrator is 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.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Special Schedules 2022

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.



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

Wingecarribee Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Other	884	884	1,782	1,775	118,730	172,557	45.7%	31.0%	20.3%	3.0%	0.0%
	Sub-total	884	884	1,782	1,775	118,730	172,557	45.7%	31.0%	20.3%	3.0%	0.0%
Other structures	Other structures	86	86	106	93	6,968	10,076	34.0%	30.0%	32.0%	3.0%	1.0%
	Sub-total	86	86	106	93	6,968	10,076	34.0%	30.0%	32.0%	3.0%	1.0%
Roads	Sealed roads	7,068	7,068	3,043	9,726	341,976	523,234	15.0%	69.0%	14.0%	2.0%	0.0%
	Unsealed roads	74	74	1,902	2,682	81,302	90,127	62.0%	37.0%	1.0%	0.0%	0.0%
	Bridges	24	24	30	48	35,476	44,126	68.0%	27.0%	5.0%	0.0%	0.0%
	Footpaths	837	837	442	453	35,999	51,439	36.0%	35.0%	20.0%	8.0%	1.0%
	Other road assets	2,330	2,330	642	1,096	84,266	115,164	28.0%	58.0%	7.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	272,341	272,341	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	10,333	10,333	6,059	14,005	851,360	1,096,431	19.6%	69.6%	8.6%	2.1%	0.0%
Water supply network	Water supply network	2,794	2,794	8,026	6,147	233,193	435,200	70.0%	17.0%	12.0%	1.0%	0.0%
	Sub-total	2,794	2,794	8,026	6,147	233,193	435,200	70.0%	17.0%	12.0%	1.0%	0.0%
Sewerage network	Sewerage network	7,189	7,189	8,338	6,455	341,772	508,429	77.0%	17.0%	3.0%	1.0%	2.0%
	Sub-total	7,189	7,189	8,338	6,455	341,772	508,429	77.0%	17.0%	3.0%	1.0%	2.0%
Stormwater drainage	Stormwater drainage	8,147	8,147	308	677	166,411	202,428	37.0%	34.0%	25.0%	2.0%	2.0%
	Sub-total	8,147	8,147	308	677	166,411	202,428	37.0%	34.0%	25.0%	2.0%	2.0%
Open space / recreational assets	Open space / recreational assets	1,239	1,239	2,890	2,767	24,144	43,327	15.0%	41.0%	30.0%	14.0%	0.0%
	Sub-total	1,239	1,239	2,890	2,767	24,144	43,327	15.0%	41.0%	30.0%	14.0%	0.0%
Other infrastructure assets	Public Art and Monuments	10	10	–	–	1,976	2,449	63.0%	30.0%	5.0%	2.0%	0.0%
	Sub-total	10	10	–	–	1,976	2,449	63.0%	30.0%	5.0%	2.0%	0.0%
Total – all assets		30,682	30,682	27,509	31,919	1,744,554	2,470,897	43.6%	43.2%	10.7%	1.9%	0.6%

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

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**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council

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

Infrastructure asset condition assessment 'key'

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

AGENDA OF THE ORDINARY MEETING OF COUNCIL WEDNESDAY 16 NOVEMBER 2022

Wingecarribee Shire Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

Wingecarribee Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	<u>42,133</u>	140.65%	111.19%	65.05%	>= 100.00%
Depreciation, amortisation and impairment	<u>29,956</u>				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>30,682</u>	1.72%	1.68%	1.72%	< 2.00%
Net carrying amount of infrastructure assets	<u>1,784,416</u>				
Asset maintenance ratio					
Actual asset maintenance	<u>31,919</u>	116.03%	119.44%	102.68%	> 100.00%
Required asset maintenance	<u>27,509</u>				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>30,682</u>	1.24%	1.21%	1.24%	
Gross replacement cost	<u>2,470,897</u>				

(*) 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.

**AGENDA OF THE ORDINARY MEETING OF COUNCIL
WEDNESDAY 16 NOVEMBER 2022**

Wingecarribee Shire Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

Wingecarribee 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	172.36%	104.78%	83.04%	85.66%	88.81%	154.67%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.71%	1.66%	1.20%	1.28%	2.10%	2.08%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	173.32%	143.00%	76.59%	63.02%	77.42%	67.49%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.36%	1.31%	0.64%	0.70%	1.41%	1.40%	
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.