

Upper Macquarie County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

UPPER MACQUARIE COUNTY COUNCIL

The logo for Upper Macquarie County Council, featuring the text "UPPER MACQUARIE COUNTY COUNCIL" above a stylized green and yellow graphic element.

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

7 Lee Street
Kelso NSW 2795.

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

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

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

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

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Members 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 12 August 2022.



Andrew McKibbin
Chairperson
12 August 2022



Bruce Reynolds
Deputy Chairperson
12 August 2022



Tim Johnston
General Manager and Responsible Accounting
Officer
12 August 2022

Upper Macquarie County Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	2022	2021
Net operating result for the year – from Income Statement	18	137
Total comprehensive income for the year attributable to Council	18	137

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

Upper Macquarie County Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	1,450	1,327
Receivables	C1-3	100	16
Inventories	C1-4	61	98
Other		10	9
Total current assets		1,621	1,450
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-5	44	75
Total non-current assets		44	75
Total assets		1,665	1,525
LIABILITIES			
Current liabilities			
Payables	C2-1	245	150
Contract liabilities	C2-2	44	44
Employee benefit provisions	C2-3	178	139
Total current liabilities		467	333
Non-current liabilities			
Employee benefit provisions	C2-3	14	26
Total non-current liabilities		14	26
Total liabilities		481	359
Net assets		1,184	1,166
EQUITY			
Accumulated surplus		1,184	1,166
Total equity		1,184	1,166

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

Upper Macquarie County Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	as at 30/06/22		as at 30/06/21	
	Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance at 1 July	1,166	1,166	1,029	1,029
Net operating result for the year	18	18	137	137
Total comprehensive income	18	18	137	137
Closing balance at 30 June	1,184	1,184	1,166	1,166

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

Upper Macquarie County 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>				
453	User charges and fees		580	658
5	Interest received		3	7
1,131	Grants and contributions		1,102	1,062
–	Bonds, deposits and retentions received		7	–
21	Other		50	24
<i>Payments:</i>				
(728)	Payments to employees		(686)	(654)
(807)	Payments for materials and services		(921)	(849)
–	Other		(2)	(2)
<u>75</u>	Net cash flows from operating activities	F1-1	<u>133</u>	<u>246</u>
Cash flows from investing activities				
<i>Payments:</i>				
–	Payments for IPPE		(10)	(26)
–	Net cash flows from investing activities		<u>(10)</u>	<u>(26)</u>
<u>75</u>	Net change in cash and cash equivalents		<u>123</u>	<u>220</u>
1,107	Cash and cash equivalents at beginning of year		1,327	1,107
<u>1,182</u>	Cash and cash equivalents at end of year	C1-1	<u>1,450</u>	<u>1,327</u>

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

Upper Macquarie County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 12 August 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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:

employee benefit provisions – refer Note C2-3.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-3.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-3.

Monies and other assets received by Council

The Consolidated Fund

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

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.

A1-1 Basis of preparation (continued)

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

There are no new accounting standards currently published which will affect Upper Macquarie County Council.

New accounting standards adopted during the year

Council adopted all standards which were mandatorily effective for the first time at 30 June 2022. None of these standards had a significant impact on reported position nor performance.

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										
Governance	–	–	42	27	(42)	(27)	–	–	–	–
Environment	1,653	1,728	1,596	1,571	57	157	1,102	1,062	1,665	1,525
Other	3	7	–	–	3	7	–	–	–	–
Total functions and activities	1,656	1,735	1,638	1,598	18	137	1,102	1,062	1,665	1,525

B1-2 Components of functions or activities

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

Governance

Council Costs relating to the 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, area representation and public disclosure and compliance.

Environment

Council carries out the functions of the Biosecurity Act 2015 (Th Act). The primary object of this Act is to provide a framework for the prevention, elimination and minimisation of biosecurity risks posed by biosecurity matter, dealing with biosecurity matter, carriers and potential carriers, and other activities that involve biosecurity matter, carriers or potential carriers. The Biosecurity matter focus is noxious weeds.

B2 Sources of income

B2-1 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
User charges - Chemical Sales	169	63
Total specific user charges	169	63
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Section 64 Certificates	8	5
Private works	324	574
Total fees and charges – statutory/regulatory	332	579
Total other user charges and fees	332	579
Total user charges and fees	501	642
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	324	480
User charges and fees recognised at a point in time (2)	177	162
Total user charges and fees	501	642

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 on arrival or a deposit in advance of the good or service being provided. Council may be required to provide a refund if the good or service is not provided.

B2-2 Other revenues

\$ '000	2022	2021
Fines	28	11
Insurance Rebates	5	5
Other income	9	8
Total other revenue	42	24
Timing of revenue recognition for other revenue		
Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	42	24
Total other revenue	42	24

Accounting policy for other revenue

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

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

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

B2-3 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Constituent Council Contributions	757	713	-	-
State Government grants - WAP	345	349	-	-
Total special purpose grants and non-developer contributions (tied)	1,102	1,062	-	-
Total grants and non-developer contributions	1,102	1,062	-	-
Total grants and contributions	1,102	1,062	-	-
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time (1)	-	-	-	-
Grants and contributions recognised at a point in time (2)	1,102	1,062	-	-
Total grants and contributions	1,102	1,062	-	-

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	44	44	-	-
Unspent funds at 30 June	44	44	-	-

B2-3 Grants and contributions (continued)

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 obligations is transferred.

The performance obligations vary according to the agreement but include conducting specific services in relation to dealing with noxious weeds, or supply of agreed deliverables such as publications. 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.

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

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.

B2-4 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Cash and investments	3	7
<u>Total interest and investment income (losses)</u>	<u>3</u>	<u>7</u>

Accounting policy

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

B2-5 Other income

\$ '000	Notes	2022	2021
Reversal of impairment losses on receivables			
User charges and fees		8	–
<u>Total reversal of impairment losses on receivables</u>	C1-3	<u>8</u>	<u>–</u>
<u>Total other income</u>		<u>8</u>	<u>–</u>

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	526	502
Employee leave entitlements (ELE)	81	95
Superannuation	58	54
Workers' compensation insurance	13	15
Training costs (other than salaries and wages)	8	7
Other	9	10
Total employee costs	695	683
<u>Total employee costs expensed</u>	<u>695</u>	<u>683</u>

Accounting policy

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

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		220	208
Consultancy costs		15	3
Contractor costs		396	464
Audit Fees	E2-1	18	18
Members and Chairpersons fees and associated expenses	E1-2	42	27
Advertising		4	–
Bank charges		2	2
Insurance		39	34
Office expenses (including computer expenses)		13	–
Subscriptions and publications		2	2
Telephone		8	7
IT expenses		50	37
Postage, printing and stationary		3	4
Rent		6	6
Motor vehicles		74	50
Legal expenses:			
– Legal expenses: other		5	8
Other		3	–
Total materials and services		900	870
<u>Total materials and services</u>		<u>900</u>	<u>870</u>

Accounting policy

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

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

\$ '000	2022	2021
Depreciation and amortisation		
Plant and equipment	38	42
Total depreciation and amortisation costs	38	42
<u>Total depreciation, amortisation and impairment for non-financial assets</u>	<u>38</u>	<u>42</u>

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Assets 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.

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

B3-4 Other expenses

\$ '000	2022	2021
Other		
Bad & Doubtful Debts	2	2
Total other	2	2
<u>Total other expenses</u>	<u>2</u>	<u>2</u>

Accounting policy

Other expenses are recorded on an accruals basis as the goods or services are received.

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, Property, Plant and Equipment	C1-5		
Proceeds from disposal		-	-
Less: carrying amount of assets sold		<u>(3)</u>	<u>(1)</u>
Gain (or loss) on disposal		<u>(3)</u>	<u>(1)</u>
<u>Net gain (or loss) on disposal of assets</u>		<u>(3)</u>	<u>(1)</u>

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 18 June 2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by 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				
User charges and fees	453	501	48	11% F
An unusually strong seasonal need for a particular herbicide that is among the most expensive.				
Other revenues	21	42	21	100% F
A significant increase in compliance and enforcement success during 2021-2022.				
Interest and investment revenue	5	3	(2)	(40)% U
National economic conditions that resulted in record low interest rates.				
Expenses				
Materials and services	807	900	(93)	(12)% U
The higher revenue generated by an expensive and more heavily used herbicide has also been reflected in the cost of sales.				
Depreciation, amortisation and impairment of non-financial assets	50	38	12	24% F
Some of Council's vehicle fleet and other assets have become fully depreciated during the year which has reduced the depreciation expense overall.				
Statement of cash flows				
Cash flows from operating activities	75	133	58	77% F
The main variances are from lower employment payments and lower supplier payments than budgeted.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	100	1
Cash equivalent assets		
– Deposits at call	1,350	1,326
<u>Total cash and cash equivalents</u>	<u>1,450</u>	<u>1,327</u>

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,450	1,327
<u>Balance as per the Statement of Cash Flows</u>	<u>1,450</u>	<u>1,327</u>

Accounting policy

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

C1-2 Restricted and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,450	1,327
Less: Externally restricted cash, cash equivalents and investments	<u>44</u>	<u>44</u>
Cash, cash equivalents and investments not subject to external restrictions	1,406	1,283
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>44</u>	<u>44</u>
External restrictions – included in liabilities	44	44
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Total external restrictions	<u>44</u>	<u>44</u>

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

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	1,406	1,283
Less: Internally restricted cash, cash equivalents and investments	<u>884</u>	<u>867</u>
Unrestricted and unallocated cash, cash equivalents and investments	522	416
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure replacement	100	100
Employees leave entitlement	150	150
Business viability fund	400	400
Other	50	50
Plant replacement	153	153
Biosecurity enforcement	<u>31</u>	<u>14</u>
Total internal allocations	884	867

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

C1-3 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
User charges and fees	104	-	24	-
– Other income accruals	7	-	-	-
Other debtors	-	-	9	-
Total	111	-	33	-
Less: provision for impairment				
User charges and fees	(4)	-	(8)	-
Other debtors	(7)	-	(9)	-
Total provision for impairment – receivables	(11)	-	(17)	-
<u>Total net receivables</u>	<u>100</u>	<u>-</u>	<u>16</u>	<u>-</u>

Accounting policy

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

Impairment

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

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

For debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

Credit losses are measured at present value as the difference between what is owed and what is expected to be received.

C1-4 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores, materials and trading stock	61	-	98	-
Total inventories at cost	61	-	98	-
<u>Total inventories</u>	<u>61</u>	<u>-</u>	<u>98</u>	<u>-</u>

Accounting policy

Raw materials and stores

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

C1-5 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 new assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	338	(263)	75	10	(3)	(38)	343	(299)	44
Infrastructure:									
– Buildings – specialised	21	(21)	–	–	–	–	21	(21)	–
Total infrastructure, property, plant and equipment	359	(284)	75	10	(3)	(38)	364	(320)	44

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 new assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	344	(252)	92	26	(1)	(42)	338	(263)	75
Infrastructure:									
– Buildings – specialised	21	(21)	–	–	–	–	21	(21)	–
Total infrastructure, property, plant and equipment	365	(273)	92	26	(1)	(42)	359	(284)	75

C1-5 Infrastructure, property, plant and equipment (continued)

Accounting policy

Accounting policy for infrastructure, property, plant and equipment

Plant and Equipment 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).

Useful lives of Property Plant and Equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	5 Years
----------------------------	---------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	188	–	95	–
Accrued expenses:				
– Salaries and wages	2	–	20	–
– Other expenditure accruals	39	–	21	–
Deposits and retentions	8	–	1	–
Other	2	–	–	–
GST & PAYG Payable	6	–	13	–
Total payables	245	–	150	–

Accounting policy

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

C2-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 (i)	(ii)	44	–	44	–
Total grants received in advance		44	–	44	–
Total contract liabilities		44	–	44	–

Notes

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

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.

C2-3 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Time in Lieu	21	–	14	–
Annual leave	72	–	77	–
Long service leave	85	14	48	26
Total employee benefit provisions	178	14	139	26

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.		
Other	124	104
	124	104

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The General Manager and managerial staff manage the cash and investments portfolio. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council at each meeting setting out the make-up and performance of the portfolio.

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

The risks associated with the financial instruments held

Interest rate risk – the risk that movements in interest rates could affect returns.

Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Financial risk management is carried out by the General Manager and administration staff under policies approved by the Council.

(a) Market risk – interest rate and price risk

\$ '000	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. (2021: 0.3%)

Impact of a 1% movement in interest rates

– Equity / Income Statement	15	4
-----------------------------	----	---

(b) Credit risk

Council's major receivables comprise of user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Council makes a suitable provision for doubtful receivables as required.

Receivables - non-rates and annual charges

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	–	44	52	–	15	111
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	73.30%	9.91%
ECL provision	–	–	–	–	11	11
2021						
Gross carrying amount	–	10	6	–	17	33
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	100.00%	51.50%
ECL provision	–	–	–	–	17	17

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	–	245	–	–	245	245
Total financial liabilities		–	245	–	–	245	245
2021							
Payables	0.00%	–	150	–	–	150	150
Total financial liabilities		–	150	–	–	150	150

D2-1 Contingencies

LIABILITIES NOT RECOGNISED

At 30 June 2022, Council does not consider there are any contingent liabilities.

As at 30 June 2021 (LY) Upper Macquarie County Council had commenced enforcement action against a landholder who had to date substantially failed to meet their biosecurity duty. This was determined within the 2021-2022 year and has no ongoing impact.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	144	127
Post-employment benefits	11	10
Other long-term benefits	2	2
Termination benefits	17	–
Total	174	139

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective will not be disclosed.

There have been no transactions to disclose.

E1-2 Members and Chairpersons fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Member and Chairperson fees and associated expenses included in materials and services expenses in the Income Statement are:		
Chairman's fee	6	8
Member's fees	28	16
Member's (including Chairman) expenses	8	3
Total	42	27

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	18	18
Remuneration for audit and other assurance services	18	18
Total Auditor-General remuneration	18	18
Total audit fees	18	18

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	18	137
Adjust for non-cash items:		
Depreciation and amortisation	38	42
Net losses/(gains) on disposal of assets	3	1
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(78)	2
Increase/(decrease) in provision for impairment of receivables	(6)	–
Decrease/(increase) in inventories	37	(65)
Decrease/(increase) in prepayments	(1)	1
Increase/(decrease) in payables	93	103
Increase/(decrease) in other liabilities	2	–
Increase/(decrease) in provision for employee benefits	27	25
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	133	246

F2-1 Commitments

Council has no commitments for expenditure.

F3 Statement of performance measures

F3-1 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}	13	0.79%	7.90%	3.45%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,648				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	546	33.13%	38.79%	22.49%	> 60.00%
Total continuing operating revenue ¹	1,648				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,577	5.27x	7.60x	6.81x	> 1.50x
Current liabilities less specific purpose liabilities	299				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	51	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,450	12.03	10.58	10.88	> 3.00
Monthly payments from cash flow of operating and financing activities	120	mths	mths	mths	mths

(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

End of the audited financial statements

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Upper Macquarie County Council

To the Councillors of Upper Macquarie County Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules.
- 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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

16 August 2022
SYDNEY



Cr Andrew McKibbin
Chairman
Upper Macquarie County Council
PO Box 703
BATHURST NSW 2795

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2215935/1875

16 August 2022

Dear Andrew

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Upper Macquarie County Council**

I have audited the general-purpose financial statements (GPFS) of the Upper Macquarie County 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
	\$000'	\$000'	%
User Charges and Fees Revenue	501	642	21.9
Grants and contributions revenue	1,102	1,062	3.8
Operating result from continuing operations	18	137	86.9

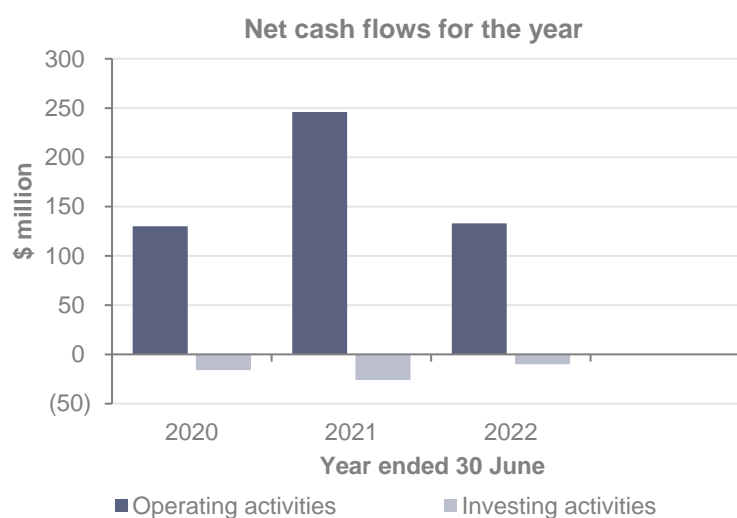
The Council's operating result from continuing operations (\$18,000 including depreciation and amortisation expense of \$38,000) was \$119,000 lower than the 2020–21 result. The movement was due to:

- only the autumn spraying program went ahead in the 2021-22 year, whereas both the spring and autumn aerial spraying programs occurred in the prior year
- decrease in user charges due to the reduced aerial spraying program was partially offset by chemical sales increasing to \$169,000 compared to \$63,000 in the prior year
- the increase in constituent council contributions (6.2 per cent), primarily due to increased requests for additional roadside spraying.

STATEMENT OF CASH FLOWS

Council had \$123,000 more cash at 30 June 2022 (\$1,450,000) compared to 30 June 2021 (\$1,327,000).

Council's chemical sales were a key contributor to this cash result, assisted by the fact Council had purchased much of this inventory in the prior financial year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$000'	\$000'	
Total cash, cash equivalents and investments	1,450	1,327	Externally restricted funds relate to unspent grant monies.
Restricted cash and investments:			Council authorised changes to the internally allocated funds for Biosecurity enforcement during the year.
• External restrictions	44	44	Overall cash has increased from the prior year. The movement has been explained in the 'Statement of Cash Flows' section above.
• Internal allocations	884	867	

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, Industry and Environment.

Operating performance ratio

The Council continues to exceed the OLG benchmark for the current reporting period. The size of Council's operations means small dollar movements result in large percentage movements in this ratio.

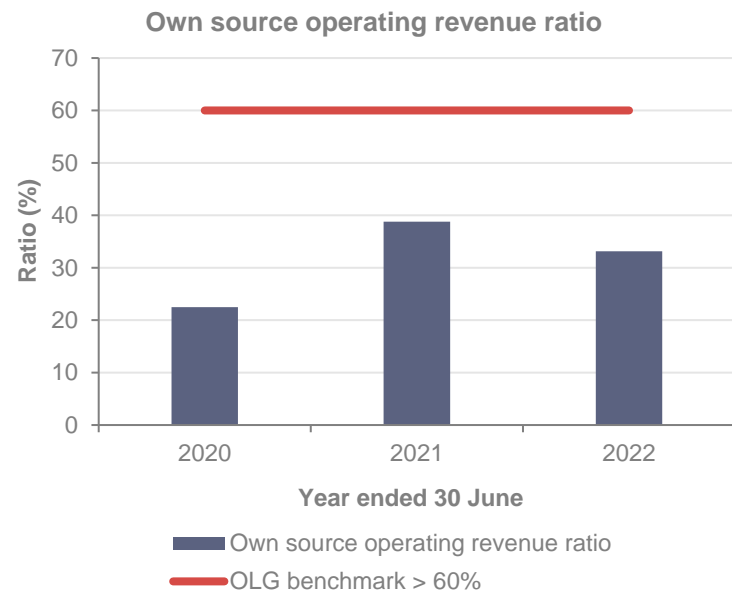
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council remained below the OLG benchmark for the current reporting period due to its reliance on Weeds Action Plan Funding and Constituent Council Contributions to fund its operations.

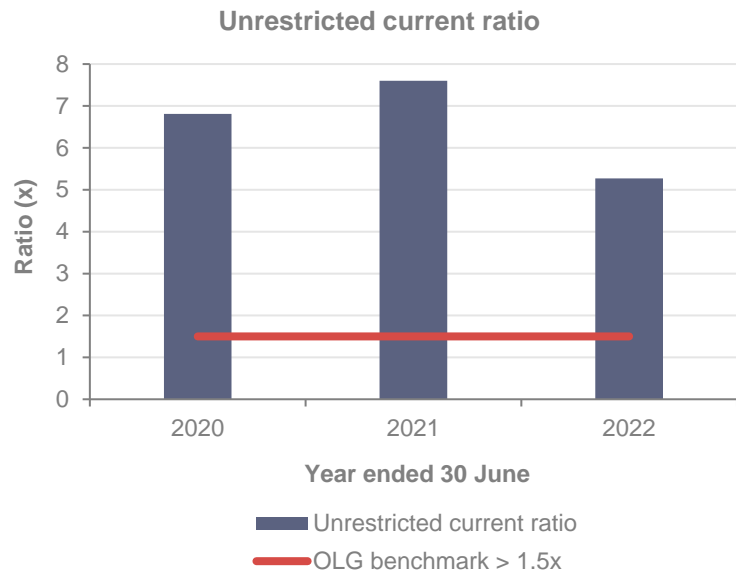
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council continued to exceed the OLG benchmark for the current reporting period.

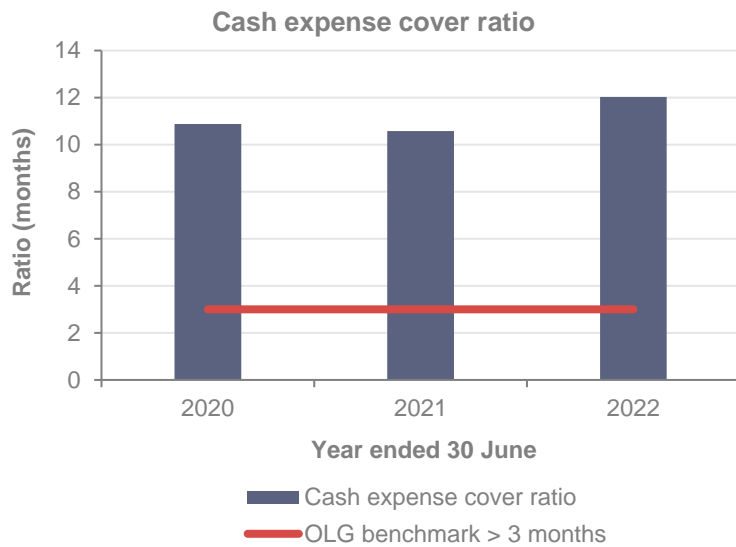
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Cash expense cover ratio

The Council continued to exceed the OLG benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



OTHER MATTERS

Legislative compliance

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

Upper Macquarie County Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

UPPER MACQUARIE COUNTY COUNCIL

The logo for Upper Macquarie County Council, featuring the text "UPPER MACQUARIE COUNTY COUNCIL" above a stylized green and yellow graphic element.

Upper Macquarie County Council

Special Schedules

for the year ended 30 June 2022

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Report on infrastructure assets as at 30 June 2022

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Upper Macquarie County 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	Chemical Storage Shed	-	-	-	-	-	21	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	-	-	-	-	-	21	0.0%	100.0%	0.0%	0.0%	0.0%
	Total – all assets	-	-	-	-	-	21	0.0%	100.0%	0.0%	0.0%	0.0%

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

Infrastructure asset condition assessment 'key'

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

Upper Macquarie County Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	-	0.00%	∞	∞	
Gross replacement cost	21				

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