

HORNSBY SHIRE COUNCIL

General purpose and special purpose
FINANCIAL STATEMENTS
and associated special schedules

30 June 2021



Hornsby Shire Council

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2021

Council would like to recognise the Traditional Owners of the lands of Hornsby Shire, the Darug and GuriNgai Aboriginal Peoples, the original and ongoing custodians of this place. We pay our respect to Elders past, present and emerging, and to their heritage.



Hornsby Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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


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

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

- present fairly the Council's operating result and financial position for the year
- 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 8 September 2021.



P. Ruddock

Mayor

8 September 2021



M. Hutchence

Deputy Mayor

8 September 2021



S. Head

General Manager

8 September 2021



D. Chell

Responsible Accounting Officer

8 September 2021

Hornsby Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020 ¹
	Income from continuing operations			
99,014	Rates and annual charges	B2-1	100,700	97,155
9,291	User charges and fees	B2-2	14,002	12,115
3,116	Other revenue	B2-3	4,857	3,872
9,328	Grants and contributions provided for operating purposes	B2-4	10,862	11,301
5,183	Grants and contributions provided for capital purposes	B2-4	19,002	7,580
5,376	Interest and investment income	B2-5	5,429	6,016
–	Other income	B2-6	3,354	2,789
1,000	Net gains from the disposal of assets	B4-1	–	–
132,308	Total income from continuing operations		158,206	140,828
	Expenses from continuing operations			
50,578	Employee benefits and on-costs	B3-1	49,504	46,378
47,517	Materials and services	B3-2	59,229	56,863
44	Borrowing costs	B3-3	74	100
20,133	Depreciation, amortisation and impairment for non-financial assets	B3-4	21,911	19,668
13,097	Other expenses	B3-5	3,403	3,087
–	Net losses from the disposal of assets	B4-1	4,997	2,602
131,369	Total expenses from continuing operations		139,118	128,698
939	Operating result from continuing operations		19,088	12,130
939	Net operating result for the year attributable to Council		19,088	12,130
(4,245)	Net operating result for the year before grants and contributions provided for capital purposes		86	4,550

(1) Items have been reclassified in accordance with The Local Government Code of Accounting Practice and Financial Reporting 2020/21.

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

Hornsby Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		19,088	12,130
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	(7,007)	–
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	(246)	(1,571)
Gain/(loss) on defined benefit plan re-measurements	C3-4	765	17
Total items which will not be reclassified subsequently to the operating result		(6,488)	(1,554)
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income		176	82
Total items which will be reclassified subsequently to the operating result when specific conditions are met		176	82
Total other comprehensive income for the year		(6,312)	(1,472)
Total comprehensive income for the year attributable to Council		12,776	10,658

Hornsby Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020 ¹
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	45,775	50,674
Investments	C1-2	101,773	104,313
Receivables	C1-4	8,355	5,922
Inventories	C1-5	177	168
Contract assets and contract cost assets		80	–
Other		299	215
Total current assets		156,459	161,292
Non-current assets			
Investments	C1-2	149,051	136,392
Receivables	C1-4	1,524	1,733
Infrastructure, property, plant and equipment	C1-6	1,602,189	1,597,665
Investment property	C1-7	29,080	25,435
Intangible Assets	C1-8	1,199	1,303
Right of use assets	C2-1	786	190
Total non-current assets		1,783,829	1,762,718
Total assets		1,940,288	1,924,010
LIABILITIES			
Current liabilities			
Payables	C3-1	11,527	9,340
Contract liabilities	C3-2	1,931	1,519
Lease liabilities	C2-1	438	139
Borrowings	C3-3	242	366
Employee benefit provisions	C3-4	15,359	14,642
Provisions	C3-5	1,787	438
Total current liabilities		31,284	26,444
Non-current liabilities			
Contract liabilities	C3-2	222	598
Lease liabilities	C2-1	358	51
Borrowings	C3-3	257	499
Employee benefit provisions	C3-4	3,138	4,061
Provisions	C3-5	1,292	1,396
Total non-current liabilities		5,267	6,605
Total liabilities		36,551	33,049
Net assets		1,903,737	1,890,961
EQUITY			
Accumulated surplus	C4-1	1,277,261	1,256,222
IPPE revaluation reserve	C4-1	626,108	634,547
Other reserves	C4-1	368	192
Council equity interest		1,903,737	1,890,961
Total equity		1,903,737	1,890,961

(1) Items have been reclassified in accordance with The Local Government Code of Accounting Practice and Financial Reporting 2020/21.

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

Hornsby Shire Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21				as at 30/06/20			
		Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity
Opening balance at 1 July		1,256,222	634,547	192	1,890,961	1,243,981	637,323	110	1,881,414
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	-	(1,111)	-	-	(1,111)
Restated opening balance		1,256,222	634,547	192	1,890,961	1,242,870	637,323	110	1,880,303
Net operating result for the year		19,088	-	-	19,088	12,130	-	-	12,130
Restated net operating result for the period		19,088	-	-	19,088	12,130	-	-	12,130
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	(7,007)	-	(7,007)	-	-	-	-
- Impairment (loss) relating to IPP&E	C1-6	-	(246)	-	(246)	-	(1,571)	-	(1,571)
- Defined benefit plan re-measurements for the year		765	-	-	765	17	-	-	17
- Financial assets at fair value through other comprehensive gain/(loss)		-	-	176	176	-	-	82	82
Total comprehensive income		19,853	(7,253)	176	12,776	12,147	(1,571)	82	10,658
Transfers between equity items		1,186	(1,186)	-	-	1,205	(1,205)	-	-
Closing balance at 30 June		1,277,261	626,108	368	1,903,737	1,256,222	634,547	192	1,890,961

Hornsby Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
93,468	Rates and annual charges		100,621	96,490
14,635	User charges and fees		14,556	13,269
3,803	Investment and interest revenue received		4,158	7,178
16,520	Grants and contributions		24,728	19,672
–	Bonds, deposits and retention amounts received		22	–
7,352	Other		16,481	15,715
Payments:				
(52,643)	Employee benefits and on-costs		(48,637)	(46,491)
(45,390)	Materials and services		(66,930)	(54,589)
(45)	Borrowing costs		(71)	(100)
–	Bonds, deposits and retention amounts refunded		–	(114)
(14,851)	Other		(3,794)	(13,505)
22,849	Net cash flows from operating activities	F1-1a	41,134	37,525
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		126,000	104,300
865	Sale of infrastructure, property, plant and equipment		1,071	637
Payments:				
–	Purchase of investment securities		(134,316)	(83,674)
–	Purchase of investment property		(3,548)	–
(29,398)	Purchase of infrastructure, property, plant and equipment		(34,641)	(26,967)
–	Purchase of intangible assets		(13)	–
(28,533)	Net cash flows from investing activities		(45,447)	(5,704)
Cash flows from financing activities				
Payments:				
(366)	Repayment of borrowings		(366)	(596)
–	Principal component of lease payments		(220)	(219)
(366)	Net cash flows from financing activities		(586)	(815)
(6,050)	Net change in cash and cash equivalents		(4,899)	31,006
50,674	Cash and cash equivalents at beginning of year		50,674	19,668
44,624	Cash and cash equivalents at end of year	C1-1	45,775	50,674
107,000	plus: Investments on hand at end of year	C1-2	250,824	240,705
151,624	Total cash, cash equivalents and investments		296,599	291,379

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

Hornsby Shire 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 8 September 2021. 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:

- (i) estimated fair values of investment properties (Note C1-7)
- (ii) estimated fair values of infrastructure, property, plant and equipment (Note C1-6)
- (iv) employee benefit provisions (Note C3-4)

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a judgement about the impairment of a number of its receivables as detailed in Note C1-4.

- (ii) Revenue recognition

Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities - refer to Notes B2-2 - B2-4.

- (iii) Lease accounting

Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease - refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Security deposits and bonds
- Funds held in Trust pending the resolution of claims

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.

Volunteer services

Council has received 12,707 hours of volunteer services during the year ended 30 June 2021 in association with bushcare activities, assistance at Council's nursery and during community planting days. The approximate value of these services based on external contractor rates would be \$597K, dependent upon the following factors;

- Whether Council would have been required to purchase all of the services provided by volunteers and;
- Whether the same number of hours worked by volunteers would have been worked by external contractors to complete the same amount of work.

Given the level of judgement in applying the above factors, and given the approximate value of services is immaterial, Council has elected not to bring volunteer services to account within the Financial Statements.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

A1-1 Basis of preparation (continued)

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 First Time Adoption of Australian Accounting Standards - to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 Business Combinations - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 Financial Instruments - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 Property, Plant and Equipment - to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets - to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 Agriculture - to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure Of Accounting Policies and Definition of Accounting Estimates

This Standard amends a number of standards relating to the presentation of financial statements and the definition of accounting estimates.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2024 reporting period.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

Council does not expect any material impact from the above adoptions.

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
General Managers Division	1,238	433	7,608	8,211	(6,370)	(7,778)	1,221	396	29	–
Corporate Support	9,558	5,139	39,081	30,585	(29,523)	(25,446)	2,691	306	397,214	388,886
Infrastructure & Major Projects	15,767	9,584	20,310	22,462	(4,543)	(12,878)	9,183	3,415	1,008,574	1,433,174
Community & Environment	42,581	36,344	59,651	54,340	(17,070)	(17,996)	6,018	2,460	532,215	101,096
Planning	10,101	12,928	12,469	13,100	(2,368)	(172)	4,912	7,476	906	854
General Purpose Income	77,611	76,400	–	–	77,611	76,400	4,489	4,829	–	–
Other	–	–	–	–	–	–	1,350	–	1,350	–
Total functions and activities	156,856	140,828	139,119	128,698	17,737	12,130	29,864	18,882	1,940,288	1,924,010

B1-2 Components of functions or activities

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

General Managers Division

Costs relating to the General Manager, risk and internal audit and strategy and place.

Corporate Support

Revenue and costs relating to administration, finance, human resources, information technology, property management, fleet management, records management and customer service.

Infrastructure & Major Projects

Revenue and costs relating to roads, bridges, footpaths, stormwater management, emergency services, engineering services, swimming centres and sports facilities.

Community & Environment

Revenue and costs relating to parks & landscape, bushland care and restoration, water catchment remediation, community services, waste management, aged and disabled services, youth services and libraries.

Planning

Revenue and costs relating to town planning, development assessments, Section 7.11 Development Contributions, subdivisions, companion animals management and compliance and certification services.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	60,604	58,829
Farmland	614	602
Business	7,032	6,845
Less: pensioner rebates	(932)	(921)
Major shopping centre	1,221	1,178
Rates levied to ratepayers	68,539	66,533
Pensioner rate subsidies received	500	509
Total ordinary rates	69,039	67,042
Special rates		
Catchment remediation rate	2,971	2,869
Less: pensioner rebates (mandatory)	(40)	(39)
Rates levied to ratepayers	2,931	2,830
Pensioner rate subsidies received:		
– Other	21	22
Total special rates	2,952	2,852
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	28,808	27,346
Section 611 charges	80	82
Less: pensioner rebates	(386)	(373)
Annual charges levied	28,502	27,055
Pensioner subsidies received:		
– Domestic waste management	207	206
Total annual charges	28,709	27,261
Total rates and annual charges	100,700	97,155

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	2,063	1,991
Sullage	2	26	33
Other	2	–	1
Total specific user charges		2,089	2,025

continued on next page ...

B2-2 User charges and fees (continued)

\$ '000	Timing	2021	2020
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	357	492
Planning and building regulation	2	3,644	2,589
Registration fees	2	93	87
Regulatory fees	2	299	197
Total fees and charges – statutory/regulatory		4,393	3,365
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Community centres	2	674	489
Parking fees	2	353	–
Restoration charges	2	931	1,394
Swimming centres - term fees	1	2,577	2,617
Swimming centres - single admission fees	2	717	686
Indoor sports centre stadium	2	804	480
Library fees and charges	2	22	82
Park and oval hire fees	1	1,173	816
Credit card surcharges	2	125	–
Other	2	144	161
Total fees and charges – other		7,520	6,725
Total user charges and fees		14,002	12,115
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		3,750	3,433
User charges and fees recognised at a point in time (2)		10,252	8,682
Total user charges and fees		14,002	12,115

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Ex gratia rates	2	–	6
Fines – parking	2	1,775	1,867
Legal fees recovery – rates and charges (extra charges)	2	97	140
Legal fees recovery – other	2	3	1
Commissions and agency fees	2	5	5
Diesel rebate	2	107	–
Recycling income (non-domestic)	2	52	46
Sales – general	2	417	478
Legal fees recovery – planning	2	89	200
Bushfire fund income	2	59	28
Car park management	2	125	38
Florence mall income	2	71	61

B2-3 Other revenue (continued)

\$ '000	Timing	2021	2020
Home modification	2	210	140
Income from road closure	2	11	132
Insurance claim recoveries, rebates and incentives	2	258	291
Prosecutions and infringements	2	298	324
Legal settlements	2	401	—
Street furniture advertising	2	35	33
Vehicular crossing income	2	40	10
Reimbursement for storm damages	2	460	—
Other	2	344	72
TOTAL OTHER REVENUES		4,857	3,872

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	4,857	3,872
Total other revenue	4,857	3,872

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,468	1,586	—	—
Financial assistance – local roads component	2	700	757	—	—
Payment in advance - future year allocation					
Financial assistance – general component	2	1,592	1,682	—	—
Financial assistance – local roads component	2	730	802	—	—
Amount recognised as income during current year		4,490	4,827	—	—

Special purpose grants and non-developer contributions (tied)

Cash contributions

Previously specific grants:

Bushfire and emergency services	2	48	5	22	—
Community care	2	21	31	—	—
Community centres	2	—	—	—	11
Economic development	2	500	1,250	863	—
Environmental programs	2	77	207	—	—
Library specific purpose capital grants	1	—	—	—	—
Library subsidy	2	443	425	—	—
Noxious weeds	2	—	20	—	—
Recreation and culture	2	—	—	—	65
Street lighting	2	358	396	—	—
Transport (roads to recovery)	2	872	872	—	—
Transport (other roads and bridges funding)	2	1,087	848	3,181	564
Aged and disabled	1	614	659	—	—

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Bushland	2	927	253	–	–
Parks and gardens	2	–	15	4,536	–
Waste and recycling	2	224	186	–	–
Administration Centre	2	–	–	2,289	–
Aquatic Centres	2	–	–	436	–
Other specific grants	2	10	172	282	11
Previously contributions:					
Employee vehicle contributions	2	506	492	–	–
Bushfire services	2	482	524	–	–
Community services	2	20	–	–	–
Environment	2	–	81	–	–
Parks and gardens	2	85	27	–	9
Roads and bridges	2	64	1	–	359
Other contributions	2	–	10	245	245
Non-cash contributions					
Dedications	2	–	–	2,230	338
Other councils – joint works/services	2	34	–	750	–
Total special purpose grants and non-developer contributions (tied)		6,372	6,474	14,834	1,602
Total grants and non-developer contributions		10,862	11,301	14,834	1,602
Comprising:					
– Commonwealth funding		5,974	6,460	4,760	22
– State funding		3,809	3,706	6,849	629
– Other funding		1,079	1,135	3,225	951
		10,862	11,301	14,834	1,602

Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	F4	–	–	4,168	5,978
Total developer contributions – cash		–	–	4,168	5,978
Total developer contributions		–	–	4,168	5,978
Total contributions		–	–	4,168	5,978
Total grants and contributions		10,862	11,301	19,002	7,580
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		614	659	–	–
Grants and contributions recognised at a point in time (2)		10,248	10,642	19,002	7,580
Total grants and contributions		10,862	11,301	19,002	7,580

Unspent grants and contributions

B2-4 Grants and contributions (continued)

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	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	5,962	3,699	488	812
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,981	5,317	3,533	193
Add: Funds received and not recognised as revenue in the current year	561	508	–	409
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(3,942)	(3,118)	(14)	(926)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(505)	(444)	(413)	–
Unspent funds at 30 June	7,057	5,962	3,594	488

Capital grants for specific purposes are held as restricted assets until capital expenditure that meets the requirements of the grant agreement is incurred. The majority of capital grants are for the construction of infrastructure assets.

Development Contributions

Unspent funds at 1 July	83,039	78,865	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,697	7,654	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(6,624)	(3,480)	–	–
Unspent contributions at 30 June	82,112	83,039	–	–

Accounting policy

Grant income under AASB 15

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

The performance obligations are varied based on the agreement and payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

Where control is transferred over time, generally the input method (e.g. expenses incurred) is deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income

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

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

Capital grants

B2-4 Grants and contributions (continued)

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

For construction projects this is only where the grant agreement contains a detailed specification and a refund clause. In these instances revenue is recognised as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For grant agreements where these conditions do not exist revenue is recognised when funds are received by Council.

Contributions

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

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	77	116
– Cash and investments	3,549	5,945
Fair value adjustments		
– Movements in investments at fair value through profit and loss	1,803	(45)
Total interest and investment income (losses)	5,429	6,016

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Reversal of impairment losses on receivables			
Other		(1)	109
Total reversal of impairment losses on receivables	C1-4	(1)	109
Fair value increment on investment properties			
Fair value increment on investment properties		97	–
Total fair value increment on investment properties	C1-7	97	–
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,047	818
Total Investment properties		1,047	818
Other lease income			
Properties classified as IPPE		2,211	1,862
Total Other lease income		2,211	1,862
Total rental income	C2-2	3,258	2,680
Total other income		3,354	2,789

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	44,565	42,591
Employee leave entitlements (ELE)	1,865	812
Superannuation	4,839	4,710
Superannuation – defined benefit plans	41	59
Workers' compensation insurance	679	475
Fringe benefit tax (FBT)	46	111
Other	415	369
Total employee costs	52,450	49,127
Less: capitalised costs	(2,946)	(2,749)
Total employee costs expensed	49,504	46,378
Number of 'full-time equivalent' employees (FTE) at year end	503	458

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in two defined benefit plans under the Local Government Superannuation Scheme and the NSW Public Sector Superannuation Scheme. Sufficient information to account for the Local Government Superannuation Scheme 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. Sufficient information is available to account for the historic NSW Public Sector Superannuation Scheme, which is accounted for in line with AASB 119 - Employee Benefits. Full disclosure in line with this standard is included within the C3-4 Employee benefit provisions note.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		2,125	2,185
– Animal pound service		15	10
– Building maintenance		1,152	1,309
– Bush regeneration		1,131	345
– Community centres		237	97
– Computer support		2,765	2,779
– Consultants		5,923	3,970
– Contractor and agency fees		825	877
– Contracts – bushfire hazard reduction and mitigation		165	94
– Contracts – electrical		412	565
– Contracts – environmental protection		30	21
– Contracts – grass cutting		580	445
– Contracts – plumbing		474	810
– Contracts – property management		256	112
– Contracts – RFS equipment maintenance		90	96
– Contracts – tree work		807	2,010
– Drainage maintenance		915	649
– External plant and equipment hire		304	409
– Footpath maintenance		241	203

B3-2 Materials and services (continued)

\$ '000	Notes	2021	2020
– Foreshore facilities		232	508
– Garbage collection, tipping and recycling		25,045	22,839
– Home modification service		178	148
– Litter control		66	68
– Maintenance of parks		697	561
– Mechanical services		617	675
– Property cleaning		926	523
– Road maintenance		1,255	2,489
– Stormwater asset maintenance		644	566
Audit Fees	E2-1	118	114
Events management		69	103
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	342	353
Advertising		378	311
Electricity and heating		1,164	1,213
Insurance		1,415	1,192
Postage		213	258
Printing and stationery		357	458
Street lighting		2,107	2,351
Subscriptions and publications		496	402
Telephone and communications		752	284
Valuation fees		261	247
Travel expenses		80	19
Training costs (other than salaries and wages)		274	326
Other expenses		194	256
Bank charges and cash collection expenses		361	310
Catering		90	195
Licences and registration		328	322
Property managers fees		23	35
Subscriptions to local government publications		137	3
Water and sewerage		496	599
Legal expenses:			
– Legal expenses: planning and development		464	588
– Legal expenses: other		275	469
Expenses from leases of low value assets		274	245
Other		454	847
Total materials and services		59,229	56,863

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2021	2020
Interest on leases	30	27
Interest on loans	44	73
Total borrowing costs expensed	74	100

Accounting policy

Borrowing costs are expensed. None specifically relate to the construction of qualifying assets for capitalisation.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,412	1,359
Office equipment		132	168
Furniture and fittings		54	55
Land improvements (depreciable)		1,765	1,674
Infrastructure:	C1-6		
– Buildings – non-specialised		1,817	1,718
– Buildings – specialised		1,803	1,809
– Other structures		1,132	1,138
– Roads		5,763	5,672
– Bridges		297	297
– Footpaths		462	437
– Stormwater drainage		3,594	3,588
– Water supply network		4	4
– Swimming pools		379	487
Right of use assets	C2-1	230	219
Other assets:			
– Catchment remediation assets		333	327
– Library books		572	590
Intangible assets	C1-8	117	126
Total depreciation and amortisation costs		19,866	19,668
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-6		
– Buildings – non-specialised		95	–
– Buildings – specialised		151	–
– Swimming pools		–	1,571
– Community land		2,045	–
Amounts taken through revaluation reserve	C1-6	(246)	(1,571)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		2,045	–
Total depreciation, amortisation and impairment for non-financial assets		21,911	19,668

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included within the Infrastructure Property Plant & Equipment Note and Intangible Assets Note.

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		17	–
Total impairment of receivables	C1-4	17	–
Other			
Contributions/levies to other levels of government			
– Department of planning levy		286	281
– Emergency services levy (includes FRNSW, SES, and RFS levies)		238	211
– NSW fire brigade levy		1,715	1,662
– NSW rural fire service levy		887	709
– NSW state revenue infringement processing fees		242	194
Donations, contributions and assistance to other organisations (Section 356)		18	30
Total other expenses		3,403	3,087

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(4,397)	(1,509)
Gain (or loss) on disposal		(4,397)	(1,509)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		1,071	637
Less: carrying amount of plant and equipment assets sold/written off		(623)	(460)
Gain (or loss) on disposal		448	177
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,048)	(1,270)
Gain (or loss) on disposal		(1,048)	(1,270)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		126,000	104,300
Less: carrying amount of investments sold/redeemed/matured		(126,000)	(104,300)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(4,997)	(2,602)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 10/06/2020 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	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	99,014	100,700	1,686	2% F
User charges and fees	9,291	14,002	4,711	51% F
Revenue from user charges and fees is greater than budgeted because Councils financial recovery from the COVID-19 pandemic occurred faster than anticipated, noting that adjustments to the 2020/21 Original Budget for COVID-19 were estimated in May 2020 during the first round of lockdown measures in NSW.				
Other revenues	3,116	4,857	1,741	56% F
Other revenue is greater than budgeted because Councils financial recovery from the COVID-19 pandemic occurred faster than anticipated, noting that adjustments to the 2020/21 Original Budget for COVID-19 were estimated in May 2020 during the first round of lockdown measures in NSW.				
Operating grants and contributions	9,328	10,862	1,534	16% F
Revenue from operating grants and contributions is greater than budgeted because Council received an early receipt for the 2021/22 Financial Assistance Grant, as disclosed within the Grants section of the Revenue from Continuing Operations note to the Financial Statements.				
Capital grants and contributions	5,183	19,002	13,819	267% F
Revenue from capital grants and contributions is greater than budgeted because Council successfully applied for a number of grants from Transport for NSW during the year. These projects were listed within Council's Operational plan, albeit with annotations that they were contingent upon the approval of grant applications.				
Council was also granted funds under phase 2 of the Local Roads and Community Infrastructure program, announced by the Commonwealth Government during the year. This income has also contributed to the positive variance compared to the budget.				
Interest and investment revenue	5,376	5,429	53	1% F
Net gains from disposal of assets	1,000	–	(1,000)	(100)% U
The Original Budget is a measure of Council's cash flow and therefore does not include the written down value of assets that is deducted from sale proceeds to reach the Net Gain/Loss on Disposal of Assets that is disclosed within the Financial Statements. This year Council has recognised a \$5M net loss on disposal of assets, largely from the renewal of infrastructure assets throughout the year, for which no consideration is received				
Other income	–	3,354	3,354	∞ F

EXPENSES

Employee benefits and on-costs	50,578	49,504	1,074	2% F
Materials and services	47,517	59,229	(11,712)	(25)% U
Expenditure on materials and services is greater than budgeted due to components of this note being reallocated from other expenses by the Office of Local Government in an update to the Code of Accounting Practice that was released after the				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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Original Budget had been adopted. \$9.468 million of expenditure has been moved from other expenses and the variance to the budget is less than 10% if this is accounted for.

Borrowing costs	44	74	(30)	(68)%	U
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Depreciation, amortisation and impairment of non-financial assets	20,133	21,911	(1,778)	(9)%	U
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Depreciation, amortisation and impairment of non financial assets is greater than budgeted due to a non cash revaluation decrement of Community Land at 30 June 2021. The decrement was a result of Council's cyclical revaluation of Community Land that occurs every three years and represents less than 1% of the gross book accounting value of the asset class.

Other expenses	13,097	3,403	9,694	74%	F
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Expenditure on other expenses is less than budgeted due to components of this note being reallocated to materials and services by the Office of Local Government in an update to the Code of Accounting Practice that was released after the Original Budget had been adopted. \$9.468 million of expenditure has been moved from other expenses and the variance to the budget is less than 10% if this is accounted for.

Net losses from disposal of assets	–	4,997	(4,997)	∞	U
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Council has disposed of a number of infrastructure assets within the year that have been renewed as capital work has been completed. No consideration is received for these assets and the loss is a result of disposing the non cash remaining written down value from Council's Fixed Asset Register.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	22,849	41,134	18,285	80%	F
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Cash flows from operating activities are greater than in the current version of Council's Long Term Financial Plan (LTFP) because a number of grants have been applied for and received since the LTFP was developed. Largely the funds received will be spent in future years.

Cash flows from investing activities	(28,533)	(45,447)	(16,914)	59%	U
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Net cash from investing differs to the budget as Council does not budget for the purchase and sale of individual investment securities as the classification and term of investments is only known when an investment is selected, which is largely based on the best return available at the time.

Cash flows from financing activities	(366)	(586)	(220)	60%	U
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Cash flows from financing activities are greater than in the LTFP, albeit by an immaterial amount due to the implementation of AASB 16 Leases. The LTFP was prepared prior to the implementation of AASB 16 Leases and as such lease costs have been budgeted within Cash flows from operating activities. Future LTFPs will include these cash outflows within Cash flows from financing activities.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	7,543	4,095
Cash-equivalent assets		
– Deposits at call	38,204	34,582
– Managed funds	28	11,997
Total cash and cash equivalents	45,775	50,674

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	45,775	50,674
Balance as per the Statement of Cash Flows	45,775	50,674

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 Investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Long term deposits	69,781	111,500	83,642	105,000
Total	69,781	111,500	83,642	105,000
Financial assets at fair value through profit and loss				
Managed funds (medium term)	22,475	–	20,671	–
Total	22,475	–	20,671	–
Financial assets at fair value through other comprehensive income				
Floating rate notes	9,517	37,551	–	31,392
Total	9,517	37,551	–	31,392
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	138,031	158,658	154,987	136,392
Total investments	101,773	149,051	104,313	136,392

Accounting policy

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

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

Financial assets

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

C1-2 Investments (continued)

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 (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – Floating Rate Notes

Council holds a number of Floating Rate Notes under a Held to Collect and Sell business model. Collecting contractual cash flows and generating profit on sale of financial assets are integral to achieving this business model.

The investments shown designated as at FVOCI represent investments that Council intends to hold for long-term strategic purposes. No strategic investments were disposed of during 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Financial assets through profit or loss - Managed Funds

In line with Council's Investment Strategy a small portion of Council's Investment Portfolio that is not required for the next five years is held in Medium Term Managed Funds with NSW Treasury Corporation.

In line with AASB 9 the Medium Term Managed Funds are classified as measured at fair value through profit and loss as cash flows associated with this type of investment are not solely generated from principal and interest but include some exposure to changes in equity prices.

Net gains or losses are recognised in profit or loss.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	147,548	149,051	154,987	136,392
attributable to:				
External restrictions	46,490	149,051	56,765	136,392
Internal restrictions	82,223	–	79,741	–
Unrestricted	18,835	–	18,481	–
	147,548	149,051	154,987	136,392

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund

External restrictions – included in liabilities

822	1,030
822	1,030

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

\$ '000	2021	2020
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	82,112	83,039
Transport for NSW contributions	3,984	3,740
Specific purpose unexpended grants (recognised as revenue) – general fund	9,829	5,420
Stronger Communities Funding – Hornsby Quarry	45,971	47,690
Stronger Communities Funding – Westleigh	39,753	39,757
Domestic waste management	9,273	9,891
Other	3,797	2,590
External restrictions – other	194,719	192,127
Total external restrictions	195,541	193,157
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Employees leave entitlements	17,104	14,891
Asset maintenance and renewal	7,228	3,821
Buildings – Wallarobba	499	499
Civil works – SRV	377	438
Community centres	526	719
Council strategic capital projects	47,614	49,662
Hornsby quarry – North Connex	302	192
LED street light upgrade	1,532	1,501
Proceeds from asset sales (179 Beecroft Road)	2,411	2,511
S7.11 contributions gap	–	1,506
Other	4,630	4,001
Total internal restrictions	82,223	79,741
Total restrictions	277,764	272,898

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

C1-4 Receivables

	2021 Current	2021 Non-current	2020 Current	2020 Non-current
\$ '000				
Purpose				
Rates and annual charges	1,893	325	1,798	337
Interest and extra charges	196	–	161	–
User charges and fees	143	–	146	–
Accrued revenues				
– Interest on investments	941	–	1,332	–
– Other income accruals	32	–	–	–
Government grants and subsidies	1,350	–	82	–
Net GST receivable	1,602	–	1,063	–
Biobanking - management payments receivable	694	1,199	751	1,396
Facility hire	562	–	7	–
Fines and penalties	57	–	19	–
Licencing	63	–	62	–
Property rentals	528	–	288	–
Restorations	48	–	211	–
Sullage	15	–	15	–
Workers compensation claims	2	–	3	–

C1-4 Receivables (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other debtors	308	–	62	–
Total	8,434	1,524	6,000	1,733
Less: provision of impairment				
Other debtors	(79)	–	(78)	–
Total provision for impairment – receivables	(79)	–	(78)	–
Total net receivables	8,355	1,524	5,922	1,733

Accounting policy

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

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

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

Biobanking - management payments receivable

Council brought receivable and provision balances in respect of Biobanking Stewardship Agreements to account within the year ended 30 June 2020. The amounts recognised were immaterial and were accounted for prospectively.

Council's Biobanking Stewardship Agreements (BSA) state that when certain conditions are met, the Biodiversity Conservation Trust (BCT) commences yearly payments to Council as the landowner to cover the cost of management works specified in the BSA. In the first year, the amount is paid in advance and subsequent payments are only made when the BCT is satisfied that yearly management works as specified in the BSA have been performed satisfactorily. Accordingly, Council recognises a receivable from BCT representing the net present value of expected annual payments, which typically includes annual payments for 20 years after the date of the first payment. Refer to the Provisions note for a corresponding liability representing Council's obligation to undertake future management land works.

Impairment

Impairment of financial assets measured at amortised cost is calculated by comparing a list of debts considered doubtful based on knowledge of the specific circumstances attributable to each balance in comparison to Council's expected credit loss (ECL) model. The higher of the two calculations is set as the provision for doubtful accounts, noting that the difference between the two is significantly immaterial.

Council's ECL model is calculated using the likelihood of a debt being written off based on the last 5 years of history at 30 June 2019. This model shows that historically 1.12% of debts that are outstanding at year end are written off. Certain debts are excluded from this calculation as they are recoverable by nature:

- Rates and Interest and Extra Charges
- Interest and Investment Revenue
- GST Receivable
- Government Grants and Subsidies

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

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

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

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

C1-4 Receivables (continued)

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, with all debts greater than \$1,000 being referred to Council for approval.

On occasion, receivables written off during the reporting period are still subject to enforcement activity.

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

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	177	–	168	–
Total inventories at cost	177	–	168	–
Total inventories	177	–	168	–

Accounting policy

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

An asset is recognised for prepaid expenses to represent the portion of the expense incurred during the year that relates to future years.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	Asset movements during the reporting period														At 30 June 2021		
	At 1 July 2020				Impairment loss / revaluation decreases (recognised in equity)												
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decreases (recognised in P/L)	Impairment loss / revaluation decreases (recognised in equity)	WIP transfers	Adjustments and transfers	Dedications / Donations	Revaluation decreases to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress	13,130	–	13,130	21,863	12,298	–	–	–	–	(32,352)	–	–	–	–	14,939	–	14,939
Plant and equipment	19,977	(12,990)	6,987	–	2,467	(623)	(1,412)	–	–	–	–	–	–	–	19,934	(12,515)	7,419
Office equipment	2,781	(2,508)	273	–	100	–	(132)	–	–	–	(8)	–	–	–	2,874	(2,641)	233
Furniture and fittings	1,724	(1,488)	236	–	–	–	(54)	–	–	–	8	–	–	–	1,732	(1,542)	190
Land:																	
– Operational land	149,737	–	149,737	–	–	–	–	–	–	–	(692)	1,596	–	–	150,641	–	150,641
– Community land	348,214	–	348,214	–	–	(1,341)	–	(2,045)	–	–	692	634	(7,007)	–	339,147	–	339,147
Land improvements	96,840	(41,809)	55,031	–	–	–	(1,765)	–	–	7,378	–	–	–	–	104,218	(43,574)	60,644
Infrastructure:																	
– Buildings – non-specialised	95,185	(39,330)	55,855	–	–	(1,924)	(1,817)	–	(95)	7,932	–	–	–	–	99,403	(39,452)	59,951
– Buildings – specialised	84,044	(36,001)	48,043	–	–	(1,131)	(1,803)	–	(151)	2,367	–	–	–	–	83,813	(36,488)	47,325
– Other structures	28,026	(12,056)	15,970	–	–	(24)	(1,132)	–	–	618	–	–	–	–	28,609	(13,177)	15,432
– Roads	389,929	(68,665)	321,264	–	–	(930)	(5,763)	–	–	8,021	–	–	–	–	396,648	(74,056)	322,592
– Bridges	17,112	(2,616)	14,496	–	–	–	(297)	–	–	13	–	–	–	–	17,125	(2,913)	14,212
– Footpaths	44,358	(18,221)	26,137	–	–	(72)	(462)	–	–	4,049	–	–	–	–	48,274	(18,622)	29,652
– Bulk earthworks (non-depreciable)	79,459	–	79,459	–	–	–	–	–	–	–	–	–	–	–	79,459	–	79,459
– Stormwater drainage	537,535	(115,596)	421,939	–	–	(22)	(3,594)	–	–	323	–	–	–	–	537,827	(119,181)	418,646
– Water supply network	141	(102)	39	–	–	–	(4)	–	–	37	–	–	–	–	178	(106)	72
– Swimming pools	26,820	(2,017)	24,803	–	–	–	(379)	–	–	872	–	–	–	–	27,693	(2,397)	25,296
Other assets:																	
– Catchment remediation assets	16,906	(2,260)	14,646	–	–	–	(333)	–	–	742	–	–	–	–	17,647	(2,593)	15,054
– Library books	3,480	(2,074)	1,406	–	451	–	(572)	–	–	–	–	–	–	–	3,371	(2,086)	1,285
Total infrastructure, property, plant and equipment	1,955,398	(357,733)	1,597,665	21,863	15,316	(6,067)	(19,519)	(2,045)	(246)	–	–	2,230	(7,007)	1,973,532	(371,343)	1,602,189	

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

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

By aggregated asset class	At 1 July 2019					Asset movements during the reporting period					At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment recognised in PFR	WIP transfers	Adjustments and transfers	Dedications / Donations	Gross carrying amount	Net carrying amount
\$ '000													
Capital work in progress	13,576	–	13,576	15,986	8,310	–	–	–	(24,742)	–	–	13,130	13,130
Plant and equipment	19,491	(12,276)	7,215	–	1,591	(460)	(1,359)	–	–	–	–	19,977	6,987
Office equipment	2,764	(2,342)	422	–	17	–	(168)	–	–	2	–	2,781	273
Furniture and fittings	1,712	(1,432)	280	–	12	–	(55)	–	–	(1)	–	1,724	236
Land:													
– Operational land	149,417	–	149,417	–	–	–	–	–	–	320	–	149,737	149,737
– Community land	349,373	–	349,373	–	332	(1,509)	–	–	–	(320)	338	348,214	348,214
Land improvements – depreciable	87,535	(40,137)	47,398	–	–	–	(1,674)	–	9,207	100	–	96,840	55,031
Infrastructure:													
– Buildings – non-specialised	91,168	(37,613)	53,555	–	–	–	(1,718)	–	4,017	–	–	95,185	55,855
– Buildings – specialised	83,992	(34,192)	49,800	–	–	–	(1,809)	–	51	–	–	84,044	48,043
– Other structures	28,103	(11,098)	17,005	–	–	(53)	(1,138)	–	38	118	–	28,026	15,970
– Roads	384,787	(63,667)	321,120	–	–	(950)	(5,672)	–	6,985	(219)	–	389,929	321,264
– Bridges	17,103	(2,319)	14,784	–	–	–	(297)	–	9	–	–	17,112	14,496
– Footpaths	42,600	(17,804)	24,796	–	–	(27)	(437)	–	1,805	–	–	44,358	26,137
– Bulk earthworks (non-depreciable)	79,459	–	79,459	–	–	–	–	–	–	–	–	79,459	79,459
– Stormwater drainage	535,923	(112,086)	423,837	–	–	(240)	(3,588)	–	1,929	–	–	537,535	421,939
– Water supply network	128	(98)	30	–	–	–	(4)	–	13	–	–	141	39
– Swimming pools	30,613	(3,775)	26,838	–	–	–	(487)	(1,571)	23	–	–	26,820	24,803
Other assets:													
– Library books	3,237	(1,709)	1,528	–	468	–	(590)	–	–	–	–	3,480	1,406
– Catchment remediation assets	16,241	(1,933)	14,308	–	–	–	(327)	–	665	–	–	16,906	14,646
Total infrastructure, property, plant and equipment	1,937,222	(342,481)	1,594,741	15,986	10,730	(3,239)	(19,323)	(1,571)	–	–	338	1,955,398	1,597,665

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

continued on next page ...

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

Accounting policy

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and Equipment	Years	Other Structures	Years
Office equipment	10	Pontoons, wharves & seawalls	10 to 80
Furniture & fittings	10	Park shelters	10 to 50
Vehicles	7		
All other plant & equipment	7 to 25	Stormwater Assets	
		Drainage components (pits, pipes, etc...)	150
Library Books	5	Catchment remediation assets	50
All	5		
		Buildings	
Softwares & Licences (Note 11)		Structure	35 to 125
Software	5 to 15	Roof	80 to 100
Licences (1 year +)	Expiry of licence	Internal finishes, fire & security	50 to 80
		Electrical, mechanical & transportation	25
Transportation Assets		Land Improvements	
Sealed roads: Surface	30	Playground & sports equipment	10 to 50
Sealed roads: Base course	100	Picnic furniture	10 to 20
Sealed roads: Sub-base	non-depreciable	Service equipment	10 to 80
Unsealed roads	5	Landscaping ("hard" elements)	10 to 80
Bridges	30 to 80	Trees & gardening	non-depreciable
Traffic facilities	20 to 100	Turf	non-depreciable
Kerb, gutter & footpaths (concrete)	100	Sports fields (natural/non-artificial)	non-depreciable
Bulk earthworks	non-depreciable		

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 the carrying amount. These are included in the Income Statement.

Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Council has no land under roads acquired after 1 July 2008.

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

Crown reserves

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

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

Rural Fire Service assets

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

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

C1-7 Investment property

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	29,080	25,435
Total owned investment property	29,080	25,435
Owned investment property		
At fair value		
Opening balance at 1 July	25,435	25,435
Additions - new assets	3,548	—
Net gain/(loss) from fair value adjustments	97	—
Closing balance at 30 June	29,080	25,435

Accounting policy

Investment property, principally comprising freehold buildings on operational land, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	1,770	1,770
Accumulated amortisation	(467)	(341)
Net book value – opening balance	1,303	1,429
Movements for the year		
Purchases	13	—
Amortisation charges	(117)	(126)

C1-8 Intangible assets (continued)

\$ '000	2021	2020
Closing values at 30 June		
Gross book value	1,783	1,770
Accumulated amortisation	(584)	(467)
Total intangible assets – net book value	1,199	1,303

Accounting policy**Software**

Costs incurred in developing systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over the expected life of the software (2 to 10 years). IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

C2 Leasing activities

C2-1 Council as a lessee

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

Buildings

Council leases a building for their corporate office. This is a 1 year lease with an additional 1 year extension period. Lease payments increase by 3.5% in the extension period.

Vehicles

One of Council's major contracts satisfies the requirements of AASB 16 as the contract is for the provision of services through specific vehicles that are directed for Councils use that cannot be used for other purposes.

All payments under this lease are variable, therefore a right of use asset and lease liability are not recognised in line with AASB 16. Instead Council discloses the *variable lease payments based on useage not included in the measurement of lease liabilities* within the Income Statement section of this note and within the Statement of Cash Flows, *Total cash outflow for leases*.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers and servers. The leases are for between three and five years with no renewal options and all payments are fixed. There are no extension options within the leases.

(a) Right of use assets

\$ '000	IT Equipment	Property	Total
2021			
Opening balance at 1 July	190	–	190
Additions to right-of-use assets	–	826	826
Depreciation charge	(139)	(91)	(230)
Balance at 30 June	51	735	786
2020			
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	409	–	409
Depreciation charge	(219)	–	(219)
Balance at 30 June	190	–	190

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	438	358	139	51
Total lease liabilities	438	358	139	51

(c) (i) 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
2021					
Cash flows	498	372	–	870	796
2020					
Cash flows	94	152	–	246	190

continued on next page ...

C2-1 Council as a lessee (continued)

(ii) Lease liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above lease liabilities

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	30	27
Variable lease payments based on usage not included in the measurement of lease liabilities	13,268	11,868
Depreciation of right of use assets	230	219
Expenses relating to low-value leases	274	245
	13,802	12,359

(e) Statement of Cash Flows

Total cash outflow for leases	13,802	12,359
	13,802	12,359

Accounting policy

At inception of a contract, Council assesses whether a lease exists; whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

C2-2 Council as a lessor (continued)

Operating leases

Council leases out a number of properties.

Properties that are based on operational land and that are leased at market rental amounts are classified as investment properties.

Properties that are based on community land and/or are leased at subsidised amounts, such as to community groups are classified as Property, Plant and Equipment.

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

\$ '000	2021	2020
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(i) Assets held as investment property

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

Lease income (excluding variable lease payments not dependent on an index or rate)	1,047	818
Total income relating to operating leases for investment property assets	1,047	818

Operating lease expenses

Direct operating expenses that generated rental income	63	30
Total expenses relating to operating leases	63	30

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	2,211	1,862
Total income relating to operating leases for Council assets	2,211	1,862

Other leased assets expenses

Other	156	101
Total expenses relating to other leases assets	156	101

Amount of IPPE leased out by Council under operating leases

Property leases	28,797	25,090
Total amount of IPPE leased out by Council under operating leases	28,797	25,090

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

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

< 1 year	1,614	2,523
1–2 years	1,138	1,970
2–3 years	935	1,564
3–4 years	857	1,427
4–5 years	860	1,413
> 5 years	69,234	73,079
Total undiscounted lease payments to be received	74,638	81,976

Accounting policy

Council is a lessor, and all leases are classified as operating or at the inception date. No leases are classified as finance leases as none contain terms that would transfer risks and rewards incidental to ownership of the asset 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.

C2-2 Council as a lessor (continued)

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Prepaid rates	497	–	493	–
Goods and services – operating expenditure	5,876	–	6,539	–
Accrued expenses:				
– Borrowings	3	–	–	–
– Salaries and wages	1,511	–	1,203	–
– Other expenditure accruals	3,055	–	515	–
Security bonds, deposits and retentions	574	–	552	–
Employee costs	–	–	2	–
Other	11	–	36	–
Total payables	11,527	–	9,340	–
Total payables	11,527	–	9,340	–

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

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

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	198	–	480	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	561	63	508	42
Total grants received in advance		759	63	988	42
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	594	–	38	–
Upfront fees - Planning and building regulation	(iv)	578	159	493	556
Total user fees and charges received in advance		1,172	159	531	556
Total contract liabilities		1,931	222	1,519	598

Notes

(i) Council has received funding to remediate a library. The funds received are under an enforceable contract which require

C3-2 Contract Liabilities (continued)

Council to construct an identified asset which will be under Council's control on completion, and the grant agreement contains a detailed specification. Revenue will be recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. Revenue is expected to be recognised in the next 12 months.

(ii) Council has received funding to install aged care and disability equipment in the homes of residents. The contract liability relates to income received prior to the revenue recognition criteria in AASB 15 being satisfied as not all of the aged care and disability equipment specified in the grant agreement has been installed at 30 June. This performance obligation is ongoing and revenue will be recognised as equipment is installed.

(iii) Council has received upfront fees for term membership to aquatic and leisure centres. This income is recorded over the term of the membership under AASB 15 and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected membership life.

(iv) Council has received upfront income for planning and regulation services including development assessment services. Under AASB 15 there is an enforceable agreement whereby Council must provide this service or return fees, and a performance obligation exists to complete each assessment. Income is recognised when the assessment is completed, which satisfies the performance obligation.

(i) Revenue recognised (during the financial year) from opening contract liability balances

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	282	–
Operating grants (received prior to performance obligation being satisfied)	486	444
User fees and charges received in advance:		
Upfront fees - leisure centre	38	–
Upfront fees – Planning and building regulation	937	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,743	444

Accounting policy

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	242	257	366	499
Total borrowings	242	257	366	499

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 21.

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

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

(a) Changes in liabilities arising from financing activities

2020	Non-cash movements	2021
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C3-3 Borrowings (continued)

\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	865	(366)	–	–	–	–	499
Lease liability (Note C2-1b)	190	(220)	826	–	–	–	796
Total liabilities from financing activities	1,055	(586)	826	–	–	–	1,295

	2019			Non-cash movements			2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,461	(596)	–	–	–	–	865
Lease liability (Note C2-1b)	–	–	–	–	190	–	190
Total liabilities from financing activities	1,461	(596)	–	–	190	–	1,055

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	3,000	3,000
Credit cards/purchase cards	41	31
Total financing arrangements	3,041	3,031
Drawn facilities		
– Credit cards/purchase cards	25	10
Total drawn financing arrangements	25	10
Undrawn facilities		
– Bank overdraft facilities	3,000	3,000
– Credit cards/purchase cards	16	21
Total undrawn financing arrangements	3,016	3,021

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
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continued on next page ...

C3-4 Employee benefit provisions (continued)

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	4,644	–	3,855	–
Sick leave	210	–	232	–
Long service leave	10,398	954	10,493	891
Net liability - defined benefit plan	–	2,184	–	3,170
Other leave	107	–	62	–
Total employee benefit provisions	15,359	3,138	14,642	4,061

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	11,988	10,686
	11,988	10,686

Description of and movements in provisions

Accounting policy

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.

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

C3-4 Employee benefit provisions (continued) - Defined Benefits

(a) Defined benefit superannuation plans

Defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of defined benefit obligation at the reporting date less the fair value of the superannuation fund assets at that date and less any unrecognised past service costs.

The calculation of defined benefit obligations is performed annually by a qualified actuary, considering any applicable minimum funding requirements. When determining the liability, consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available. When the calculation results in a potential asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The qualified actuary determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Council recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The liability is disclosed as non-current as this best reflects when the liability is likely to be settled.

(b) Nature of the benefits provided by the Fund

The SAS Trustee Corporation (STC) Pooled Fund (the Fund) holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the schemes are closed to new members.

(c) Description of the regulatory framework

The schemes in the Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The schemes in the Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Fund will conform to the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members, and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2018. The next actuarial investigation will be performed as at 30 June 2021.

(d) Description of other entities' responsibilities for the governance of the Fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of Fund beneficiaries. The Trustee has the following roles:

C3-4 Employee benefit provisions (continued) - Defined Benefits

- Administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
- Management and investment of the Fund assets; and
- Compliance with other applicable regulations

(e) Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk – The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- Salary growth risk – The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk – The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

(f) Description of significant events

There were no fund amendments, curtailments or settlements during the year.

(g) Reconciliation of the net defined benefit liability / (asset)	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net defined benefit liability / (asset) at start of year	49	7	3,114	3,170
Current service cost	11	4	0	15
Net interest on the net defined benefit liability / (asset)	-	-	26	26
Actual return on fund assets less interest income	(43)	(6)	(275)	(324)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	(43)	(43)
Actuarial (gains) / losses arising from changes in financial assumptions	(5)	(1)	(278)	(284)
Actuarial (gains) / losses arising from liability experience	9	(2)	(121)	(114)
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(11)	(10)	(241)	(262)
Net defined benefit liability / (asset) at end of year	10	(8)	2,182	2,184

(h) Reconciliation of the fair value of Fund assets	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of the Fund assets at beginning of the year	365	49	2,251	2,665
Interest income	3	-	20	23
Actual return on fund assets less interest income	43	6	275	324
Employer contributions	11	10	241	262
Contributions by participants	6	-	-	6
Benefits paid	(4)	-	(180)	(184)
Taxes, premiums and expenses paid	(2)	(2)	(5)	(9)
Fair value of the Fund assets at end of the year	422	63	2,602	3,087

(i) Reconciliation of the defined benefit	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
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C3-4 Employee benefit provisions (continued) - Defined Benefits

obligation				
Present value of defined benefit obligations at beginning of the year	415	56	5,364	5,835
Current service cost	11	4	-	15
Interest cost	3	0	46	49
Contributions by participants	6	-	-	6
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	(43)	(43)
Actuarial (gains) / losses arising from changes in financial assumptions	(5)	(1)	(278)	(284)
Actuarial (gains) / losses arising from liability experience	9	(2)	(120)	(113)
Benefits paid	(4)	-	(180)	(184)
Taxes, premiums and expenses paid	(2)	(2)	(5)	(9)
Present value of defined benefit obligations at end of the year	433	55	4,784	5,272

(j) Reconciliation of the effect of the asset ceiling

There are no adjustments for the effect of the asset ceiling.

(k) Fair value of the Fund assets

All the Fund assets are invested by STC at arm's length through independent fund managers. Assets are not separately invested for each entity, and it is not possible or appropriate to disaggregate and attribute Fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

Asset Category at 30 June 2021	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Short term securities	5,108	2,399	2,710	-
Australian fixed interest	904	-	904	-
International fixed interest	1,755	45	1,710	-
Australian equities	8,311	8,308	2	-
International equities	13,890	13,885	5	-
Property	3,288	627	-	2,661
Alternatives	8,530	1	2,710	5,819
Total	41,786	25,265	8,041	8,480

The percentage invested in each asset class at the reporting date is:

Asset Category	30 June 2021
Short term securities	12.2%
Australian fixed interest	2.2%
International fixed interest	4.2%
Australian equities	19.9%
International equities	33.2%
Property	7.9%
Alternatives	20.4%
Total	100.0%

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash-flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

(l) Fair value of entity's own financial instruments

C3-4 Employee benefit provisions (continued) - Defined Benefits

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets as at 30 June 2021 include \$41.4 million in NSW Government bonds.

Of the direct properties owned by the Fund:

– SAS Trustee Corporation occupies part of a property 100% owned by the Fund with a fair value of \$328 million (30 June 2020: \$340 million).

– Health Administration Corporation occupies part of a property 50% owned by the Fund with a fair value (100% interest) of \$443 million (30 June 2020: \$343 million).

(m) Significant actuarial assumptions at 30 June 2021

Assumption	
Discount rate	1.50%
Salary increase rate (excluding promotional increases)	2.74% pa 21/22 to 25/26; 3.2% pa thereafter
Rate of CPI increase	1.50% for 20/21; 1.75% for 21/22 and 22/23; 2.25% for 23/24, 24/25 and 25/26; 2.50% for 26/27; 2.75% for 27/28, 3.00% for 28/29; 2.75% for 29/30; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions as per the 2021 actuarial investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation available from the Trustee's website. The report shows the pension mortality rates for each age.

(n) Sensitivity analysis

The entity's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision that is calculated based on the asset level at 30 June 2020.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	As above	As above -0.5% pa	As above +0.5% pa
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Defined benefit obligation (\$'000)	5,270	5,668	4,913

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	As above	As above	As above
Rate of CPI increase	As above	As above +0.5% pa	As above -0.5% pa
Salary inflation rate	As above	As above	As above
Defined benefit obligation (\$'000)	5,270	5,667	4,911

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	As above	As above	As above
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above +0.5% pa	As above -0.5% pa
Defined benefit obligation (\$'000)	5,270	5,273	5,268

	Base Case	Scenario G Lower Mortality*	Scenario H Higher Mortality*
Defined benefit obligation (\$'000)	5,270	5,368	5,214

* Assumes the short-term pensioner mortality improvement factors for years 2021-2026 also apply for years after 2026

** Assumes the long-term pensioner mortality improvement factors for years post 2026 also apply for years 2021 to 2026

C3-4 Employee benefit provisions (continued) - Defined Benefits

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

(o) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

(p) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

(q) Surplus / deficit

The following is a summary of the 30 June 2021 financial position of the Fund calculated in accordance with AASB 1056 Superannuation Entities:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits*	400	51	2,390	2,841
Net market value of fund assets	(421)	(63)	(2,602)	(3,086)
Net (surplus) / deficit	(21)	(12)	(212)	(245)

*There is no allowance for a contribution tax provision with the accrued benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

(r) Contribution recommendations

There are no recommended contribution rates for Council for the current year.

(s) Economic assumptions

The economic assumptions adopted for the 30 June 2021 AASB 1056 Superannuation Entities are:

Weighted average assumptions	
Expected rate of return on Fund assets backing current pension liabilities	6.5%
Expected rate of return on Fund assets backing other liabilities	5.7%
Expected salary increase rate (excluding promotional salary increases)	2.74% pa 21/22 to 25/26; 3.2% pa thereafter
Expected rate of CPI increase	2.0%

t) Expected contributions for 2022	SASS \$'000 Financial Year to 30 June 2022	SANCS \$'000 Financial Year to 30 June 2022	SSS \$'000 Financial Year to 30 June 2022	Total \$'000 Financial Year to 30 June 2022
Expected employer contributions	11	10	241	262

(u) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13 years.

v) Profit and loss impact	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	11	4	-	15
Net interest	-	-	26	26
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Profit or loss component of the Defined Benefit Cost	11	4	26	41

w) Other comprehensive income	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actual (gains)/losses on liabilities	4	(3)	(442)	(441)
Actual return on Fund assets less interest income	(43)	(6)	(275)	(324)
Change in the effect of the asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(39)	(9)	(716)	(765)

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Other provisions				
Provision for land remediation	1,420	–	–	–
Provision for land payable	263	–	332	–
Biobanking liability - management actions	104	1,292	106	1,396
Sub-total – other provisions	1,787	1,292	438	1,396
Total provisions	1,787	1,292	438	1,396

Description of and movements in provisions

\$ '000	Other provisions			
	Provision for land remediation	Provision for land payable	Biobanking liability - management actions	Net carrying amount
2021				
At beginning of year	–	332	1,502	1,834
Additional provisions	1,420	–	–	1,420
Payments	–	(69)	(106)	(175)
Total other provisions at end of year	1,420	263	1,396	3,079
2020				
Additional provisions	–	332	1,502	1,834
Total other provisions at end of year	–	332	1,502	1,834

Nature and purpose of provisions

Biobanking liability - management actions

Council brought provision and receivable balances associated with Biobanking Stewardship Agreements to account within the year ended 30 June 2020. The balances are immaterial and were accounted for prospectively.

A biobanking liability is recognised based on the expected future cost of fulfilling environmental obligations to maintain the biodiversity of land in accordance with Council's Biobanking Stewardship Agreements (BSA) and AASB 137 *Provisions, Contingent Liabilities & Contingent Assets*.

The terms of BSA's stipulate that when 80% of the fund deposit is reached (which represents the sale of 80% of the biodiversity credits within each BSA), Council's obligation to undertake land management works commences. This liability for future management works is recognised by Council based on the present value of undertaking management actions as specified in the BSA, typically over a 20 year period. A corresponding asset within the Receivables note has also been recognised to represent payments from the Biodiversity Conservation Trust (BCT) to fund management actions.

Accounting policy

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Financial asset (through other comprehensive income) reserve

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due;
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income; and
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
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	2,741	2,707
Impact of a 10% movement in price of investments		
– Equity / Income Statement	5,156	4,611

(b) Credit risk

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

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

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

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

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

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

Credit risk profile

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

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	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	1,561	285	201	171	2,218
2020						
Gross carrying amount	–	1,648	172	160	155	2,135

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined by the methodology disclosed in the Receivables note. The expected credit losses incorporates forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	6,254	1,073	141	70	202	7,740
Amount provided (%)	0.11%	0.36%	9.93%	0.26%	27.11%	1.03%
2020						
Gross carrying amount	4,875	487	55	16	165	5,598
Amount provided (%)	0.04%	0.51%	2.34%	7.19%	43.94%	1.42%

(c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(c) 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	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Payables	0.00%	574	10,456	–	–	11,030	11,030
Borrowings	5.89%	–	266	266	–	532	499
Total financial liabilities		574	10,722	266	–	11,562	11,529

continued on next page ...

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2020							
Payables	0.00%	552	8,294	—	—	8,846	8,847
Borrowings	6.17%	—	390	532	—	922	865
Total financial liabilities		552	8,684	532	—	9,768	9,712

Loan agreement breaches

No breaches to loan agreements have occurred during the year.

D2 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

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

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

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

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

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

D2 Fair value measurement (continued)

\$ '000	Notes	Date of latest valuation		Fair value measurement hierarchy							
		2021	2020	Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
				2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– 'Financial assets at fair value through profit and loss'		30/06/21	30/06/20	22,475	20,671	–	–	–	–	22,475	20,671
At fair value through other comprehensive income		30/06/21	30/06/20	47,068	31,392	–	–	–	–	47,068	31,392
Total financial assets				69,543	52,063	–	–	–	–	69,543	52,063
Investment property											
Investment property portfolio	C1-7	30/06/21	30/06/20	–	–	29,080	25,435	–	–	29,080	25,435
Total investment property				–	–	29,080	25,435	–	–	29,080	25,435
Infrastructure, property, plant and equipment											
Operational land	C1-6	31/05/18	31/05/18	–	–	150,641	149,737	–	–	150,641	149,737
Community land		30/06/21	30/04/16	–	–	–	–	338,815	347,882	338,815	347,882
Buildings (specialised and non-specialised)		31/05/18	31/05/18	–	–	–	–	107,276	103,898	107,276	103,898
Roads, bridges, footpaths and bulk earthworks		30/06/18	30/06/18	–	–	–	–	–	–	445,915	441,357
Stormwater drainage		30/06/18	30/06/18	–	–	–	–	–	–	418,646	421,939
Swimming pools		31/05/18	31/05/18	–	–	–	–	–	–	25,296	24,803
Catchment remediation assets		30/06/18	30/06/18	–	–	–	–	–	–	15,054	14,646
Total infrastructure, property, plant and equipment				–	–	150,641	149,737	1,351,002	1,354,525	1,501,643	1,504,262

D2 Fair value measurement (continued)

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Valuation techniques

Council's non-current assets are continually remeasured to fair value (over a minimum of a 5 year period) in accordance with the valuation policy as mandated by the Office of Local Government.

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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:

Investment property

Council engages an independent, qualified expert, Scott Fullerton Valuations Pty Ltd to determine the fair value of Investment Properties, which were last remeasured at 30 June 2021.

In measuring fair value, Scott Fullerton took into account the characteristics of each property and whether market participants would take those characteristics into account when pricing, assuming that market participants would act in their best economic interest.

A direct comparison approach was adopted where recent information was available whereby a unit rate per square metre was calculated using the following observable inputs:

- Price per square metre
- Direct comparison to sales evidence
- Zoning
- Location
- Land area and configuration
- Planning controls

Where recent sales data was not available a capitalised income approach was used whereby a yield was applied to the property's income to assess its value. This approach also included the following inputs:

- Rental income
- Rent reviews
- Capitalisation rate

Infrastructure, property, plant and equipment (IPPE)

Buildings (Specialised and Non-Specialised)

Council also engages Scott Fullerton Valuations Pty Ltd to determine the fair value of buildings, which were last remeasured at 31 May 2018.

In line with AASB 13 fair value is calculated using depreciated replacement cost methodology. Gross replacement cost is calculated from the summation of the current replacement unit cost of the individual components of each building. Accumulated depreciation is calculated from the condition of each component, which is used to determine the amount of economic benefit consumed. Gross replacement cost less accumulated depreciation equates to fair value.

The current replacement unit cost rates of each component are a key unobservable input (level 3) in the calculation. These rates are benchmarked to the construction cost of similar properties to ensure they are appropriate.

Land (Operational and Community)

Council engages an independent, qualified expert (also Scott Fullerton Valuations Pty Ltd) to determine the fair value of operational land and community land. Fair value is calculated with reference to current prices in an active market for similar properties and used to calculate square metre unit rates. Where such information is not available the price of different properties in active markets or price of similar properties in less active markets, adjusted to reflect differences are used. Consideration is paid to the inherent features of each property such as usability, fire and flood risk with adjustments made if appropriate.

D2 Fair value measurement (continued)

Community and operational land were last remeasured to fair value at 30 June 2021 and 31 May 2018, respectively.

Square meter unit rates are a key unobservable input in each the calculations.

Infrastructure assets

Valuations for infrastructure assets are performed internally as there is no active market for assets of this nature. Current replacement cost is calculated from the summation of the current replacement unit cost of the individual components of each asset. The cost of each component is determined from the unit rate, usually in square metres multiplied by the dimensions of the component of the asset. All infrastructure assets are subject to ongoing condition assessment. Accumulated depreciation is calculated from the condition of each asset, which is used to determine the amount of economic benefit consumed. Gross replacement cost less accumulated depreciation equates to fair value.

Square meter unit rates are a key unobservable input in the calculation.

Infrastructure asset revaluations were last completed at 30 June 2018.

All Other Asset Classes

Historic cost is deemed to represent fair value for all other asset classes.

Fair value measurements using significant unobservable inputs (level 3)

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

	2021 (\$'000)	2020 (\$'000)
Balance at 1 July	1,354,524	1,357,870
Purchases	-	-
Carrying value of assets sold/disposed	(5,752)	(2,726)
Depreciation	(14,448)	(14,335)
Impairment loss	(2,045)	(1,571)
WIP transfers	24,319	15,484
Dedications	634	338
Revaluation decrements	(7,253)	-
Revaluation increments	-	-
Adjustments and transfers	1,023	(539)
Other movements	-	3
Balance at 30 June	1,351,002	1,354,524

Highest and best use

Community based assets

Council undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Land under the asset class Community Land comprises Crown land under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the Local Government Act 1993. Furthermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to Councils.

Investment Properties

D2 Fair value measurement (continued)

Scott Fullarton Valuations Pty Ltd have identified four investment properties within Council's portfolio which have a highest and best as a redevelopment site, and are therefore under-developed. The Fair Value of these properties at 30 June 2021 is \$7,750k.

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

(i) Defined benefit plans

Council accounts for defined benefit obligations from the closed NSW public sector superannuation schemes under AASB 119.

Council is also 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 standard employer contributions and additional lump sum contributions to the fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$1,077,516. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2020.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
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D3-1 Contingencies (continued)

Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

*excluding member accounts and reserves in both assets and liabilities.

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

Other liabilities

Landfill Remediation

A review of historic landfill sites commenced in the year ended 30 June 2019. In the current year a provision has been raised for ongoing environmental remediation works at Foxglove Oval in Mount Colah.

Council does not currently operate any tips or sites with close down, restoration or environmental obligations that would give rise to a provision in the Financial Statements.

Hornsby Quarry

The filling of the Quarry void has been completed using spoil from the North Connex site managed by the NSW State Government.

D3-1 Contingencies (continued)

Council is not legally obliged to remediate the site, therefore a provision for future costs has not been recognised in line with AASB 137. Instead, expenditure is recognised in Capital Works In Progress as it is incurred and will be capitalised once works have been completed.

(i) Third party claims

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

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

(ii) 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.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

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

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

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

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

E	People and relationships
E1	Related party disclosures
E1	Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term Benefits		
Salaries and other short-term benefits	2,212	2,161
Post-employment Benefits		
Superannuation – Senior Staff	167	164
Other Long-term Benefits		
Long service leave entitlements	64	62
Termination Benefits		
Redundancy/lump-sum payments	–	–
Total	2,443	2,387

E1 Key management personnel (KMP) (continued)

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2021					
Lease of Wallarobba Arts & Cultural Centre - Hornsby Art Society (HAS) and 2HHH FM Ltd (2HHH) ^{1,2}	17	-	HAS and 2HHH lease space from Council as a not-for-profit community organisation and community radio station respectively.	-	-
Rent Subsidy to Hornsby Art Society (HAS) ¹	-	-	Council resolution to subsidise rent based on provision of volunteer labour by HAS.	-	-
Volunteer labour provided to Council by Hornsby Art Society (HAS) ¹	-	-	Volunteer labour provided by HAS for the Remagine and Hornsby Art Prize events in accordance with Council resolution.	-	-
2020					
Lease of Wallarobba Arts & Cultural Centre - Hornsby Art Society (HAS) and 2HHH FM Ltd (2HHH) ^{1,2}	5	-	HAS leases space from Council as a not-for-profit community organisation. Council resolution to subsidise rent based on provision of volunteer labour by HAS.	-	-
Rent Subsidy to Hornsby Art Society (HAS) ¹	3	-	Volunteer labour provided by HAS for the Remagine and Hornsby Art Prize events in accordance with Council resolution.	-	-
Volunteer labour provided to Council by Hornsby Art Society (HAS) ¹	3	-		-	-

(1) Councillor Mcintosh is the President of the Hornsby Art Society Inc. (HAS)

(2) Councillor Mcintosh is a Board Director of the 2HHH FM Ltd. (2HHH)

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	69	69
Councillors' fees	258	258
Other Councillors' expenses (including Mayor)	15	26
Total	342	353

E2 Other relationships

E2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	118	114
Total audit fees	118	114

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	19,088	12,130
Adjust for non-cash items:		
Depreciation and amortisation	19,866	19,668
Net losses/(gains) on disposal of assets	4,997	2,602
Non-cash capital grants and contributions	(2,230)	(338)
Adoption of AASB 15/1058	–	(1,012)
Defined benefit pension adjustments	765	–
Investments classified as 'at fair value' through equity	176	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(1,803)	45
– Investment property	(97)	–
– Revaluation decrements / impairments of IPP&E direct to P&L	2,045	–
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(2,225)	1,263
Increase/(decrease) in provision for impairment of receivables	1	(119)
Decrease/(increase) in inventories	(9)	9
Decrease/(increase) in other current assets	(84)	(151)
Decrease/(increase) in contract assets	(80)	–
Increase/(decrease) in payables	(663)	916
Increase/(decrease) in accrued interest payable	3	–
Increase/(decrease) in other accrued expenses payable	310	(315)
Increase/(decrease) in other liabilities	(1)	(667)
Increase/(decrease) in contract liabilities	36	2,117
Increase/(decrease) in provision for employee benefits	(206)	(457)
Increase/(decrease) in other provisions	1,245	1,834
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	41,134	37,525

(b) Non-cash investing and financing activities

Other dedications	2,230	338
Total non-cash investing and financing activities	2,230	338

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings (non specialised)	383	21
Buildings (specialised - libraries & community centres)	1,020	199
Foreshore facilities	1,404	185
Hornsby Quarry	347	126
Infrastructure – Roads & Drainage	2,698	240
Land improvements	2,565	157
Plant and equipment	325	189
Westleigh Park	1,636	75
Total commitments	10,378	1,192

These expenditures are payable as follows:

Within the next year	10,378	1,192
Total payable	10,378	1,192

Sources for funding of capital commitments:

Unrestricted general funds	360	351
Externally restricted reserves	9,204	751
Internally restricted reserves	814	90
Total sources of funding	10,378	1,192

Details of capital commitments

All committed amounts are associated with the routine renewal and/or upgrade of existing Council assets.

F3-1 Events occurring after the reporting date

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

F4 Statement of developer contributions as at 30 June 2021

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
Roads	4,597	239	87	(94)	4,829	-
Open space	41,614	1,854	777	(1,844)	42,401	-
Community facilities	29,248	813	535	(1,139)	29,457	-
Plan administration	523	10	8	(86)	455	-
Transfer to Old Plan	-	-	-	-	-	-
S7.11 contributions – under a plan	75,982	2,916	1,407	(3,163)	77,142	-
S7.12 levies – under a plan	7,057	1,252	122	(3,461)	4,970	-
Total S7.11 and S7.12 revenue under plans	83,039	4,168	1,529	(6,624)	82,112	-
Total contributions	83,039	4,168	1,529	(6,624)	82,112	-

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.

The difference between Income from developer contributions in Note B2-4 and Contributions received during the year is the release of a provision for contributions payable to the City of Parramatta as a result of the boundary adjustment recognised within Income. This amount was retained within the prior year Statement of Developer Contributions whilst provided for and is included within the opening balance at 1 July 2018.

F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
CONTRIBUTION PLAN NUMBER 1 (2012 to 2021)						
Roads	4,597	239	87	(94)	4,829	-
Open space	41,614	1,854	777	(1,844)	42,401	-
Community facilities	29,248	813	535	(1,139)	29,457	-
Plan administration	523	10	8	(86)	455	-
Total	75,982	2,916	1,407	(3,163)	77,142	-

continued on next page ...

F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
S7.12 Levies – under a plan						
2012 - 2021	7,057	1,252	122	(3,461)	4,970	-
Other						
Total	7,057	1,252	122	(3,461)	4,970	-

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	5,246	3.82%	5.32%	4.44%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	137,305				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	126,443	80.89%	86.59%	75.99%	> 60.00%
Total continuing operating revenue ¹	156,307				
3. Unrestricted current ratio					
Current assets less all external restrictions	109,969	6.45x	7.02x	8.00x	> 1.50x
Current liabilities less specific purpose liabilities	17,054				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	25,186	38.16x	29.35x	25.27x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	660				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,414	2.34%	2.32%	1.81%	< 5.00%
Rates and annual charges collectable	103,170				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	227,056	22.70	24.84	23.54	> 3.00
Monthly payments from cash flow of operating and financing activities	10,001	mths	mths	mths	mths

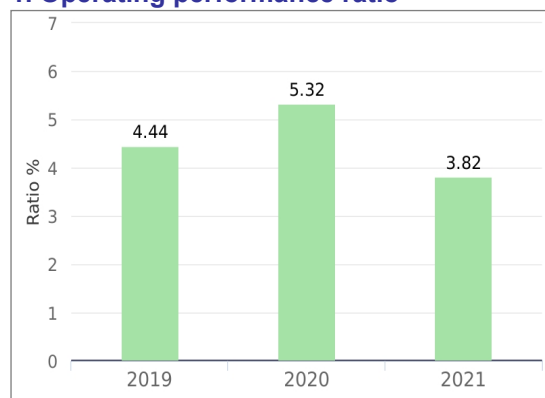
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(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

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.82%

The ratio has reduced as a result of increased Council operations from a full Operational Plan and Annual Budget.

Net losses from the disposal of assets have increased from \$2.6M to \$5M following a large capital program resulting in asset renewals. Employee leave provisions have increased by \$1.8M and materials and services costs have increased, largely as a result of an environmental remediation provision at Foxglove Oval in Mount Colah.

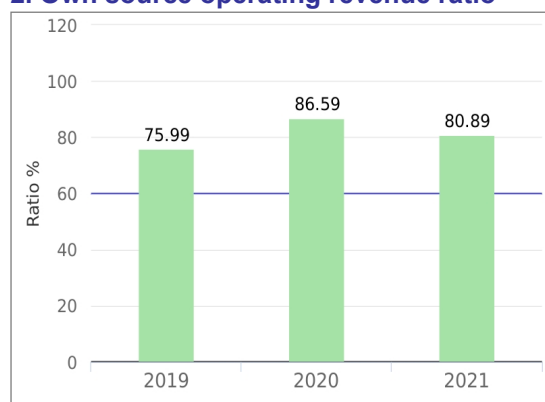
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 80.89%

The ratio has reduced because income from capital grants and contributions has increased from \$7.6M to \$17.7M. Large capital grant revenue in the current year includes \$2.5M in relation to Mark Taylor Oval, \$2.3M in relation to the Administration Centre refurbishment and \$3.1M in other Transport infrastructure grants.

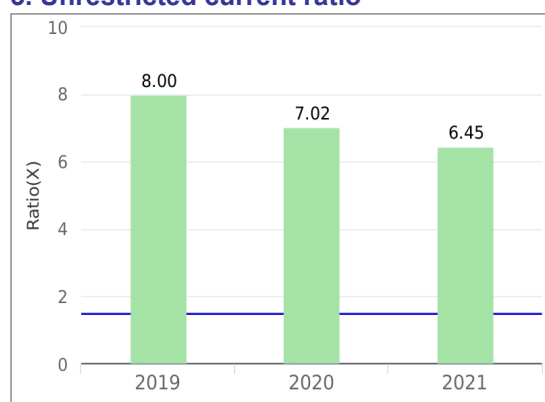
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 6.45x

This ratio has reduced because Council's current payable and provision balances have increased. This is due to an increase in employee leave balances in comparison to the prior year as well as the recognition of a provision for environmental remediation works at Foxglove Oval in Mount Colah in accordance with the requirements of AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

Benchmark: — > 1.50x

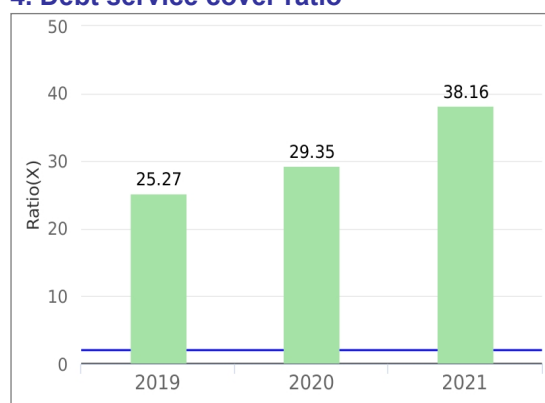
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 38.16x

This ratio continues to improve as no new loans have been entered into and Council's level of outstanding debt continues to reduce. Total outstanding debt is currently \$0.5M and will continue to fall as repayments are made in line with repayment schedules.

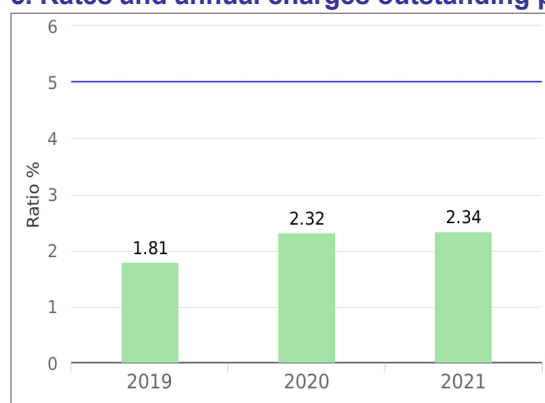
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 2.34%

This ratio is comparable to the prior year, having increased from 2019 as a result of hardship relief offered to COVID-19 affected residents. The ratio remains well below the benchmark.

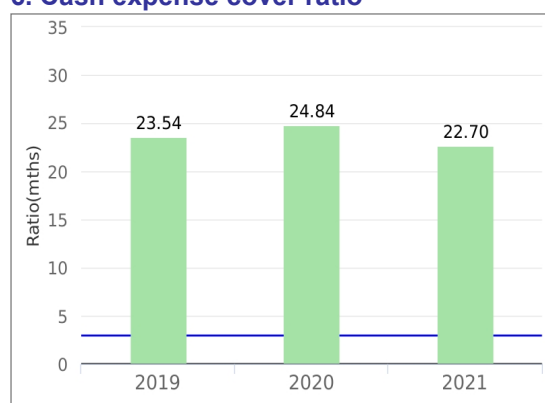
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 22.70 mths

This ratio has reduced slightly from the prior year however continues to be well above the benchmark indicating that Council is in a strong position to meet its cash flow requirements.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Hornsby Shire Council

To the Councillors of the Hornsby Shire Council

Opinion

I have audited the accompanying financial statements of Hornsby Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, 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 2021, 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 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

21 October 2021

SYDNEY



Mayor
Hornsby Shire Council
PO Box 37
HORNSBY NSW 2077

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2122551/1741

21 October 2021

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Hornsby Shire Council**

I have audited the general purpose financial statements (GPFS) of the Hornsby Shire Council (the Council) for the year ended 30 June 2021 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 2021 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

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	100.7	97.2	↑ 3.6
Grants and contributions revenue	29.9	18.9	↑ 58.2
Operating result from continuing operations	19.1	12.1	↑ 57.9
Net operating result before capital grants and contributions	0.1	4.6	↓ 97.8

Rates and annual charges revenue (\$100.7 million) increased by \$3.5 million (3.6 per cent) in 2020–21. This was mainly due to rate peg of 2.6 per cent and higher annual charges for domestic waste management.

Grants and contributions revenue (\$29.9 million) increased by \$11.0 million (58.2 per cent) in 2020–21 due to \$13.2 million increase in specific purpose capital grants recognised throughout the year including:

- \$2.5 million for Mark Taylor Oval redevelopment
- \$2.3 million to refurbish the Administration Centre
- \$3.1 million in other Transport Infrastructure grants.

Increase in the capital grants was offset by \$1.9 million decrease in developer contributions.

The Council's operating result from continuing operations (\$19.1 million including depreciation and amortisation expense of \$19.9 million) was \$7.0 million higher than the 2019–20 result. This was mainly due to the increase in capital grants recognised in 2020–21.

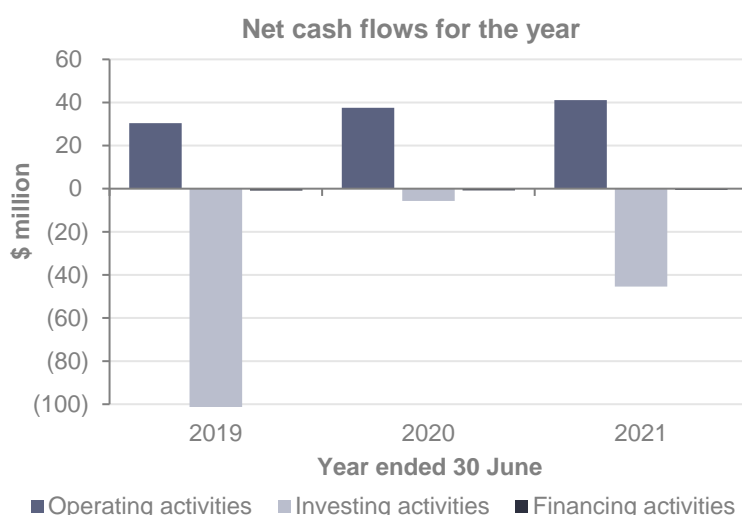
The net operating result before capital grants and contributions (\$0.1 million) was \$4.5 million lower than the 2019–20 result.

STATEMENT OF CASH FLOWS

Cash balances have decreased from \$50.7 million to \$45.8 million at 30 June 2021 due to Council moving from short term to medium and longer term financial instruments.

Net cash flows from operating activities increased by \$3.6 million.

Net cash used in investing activities increased by \$39.7 million and financing activities decreased by \$0.2 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	296.6	291.4	Externally restricted balances include developer contributions and domestic waste management charges.
Restricted cash and investments:			Balances are internally restricted due to Council policy or decisions for forward plans including capital works program.
• External restrictions	195.5	193.2	
• Internal restrictions	82.2	79.7	

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

Council continues to exceed the benchmark for the current reporting period.

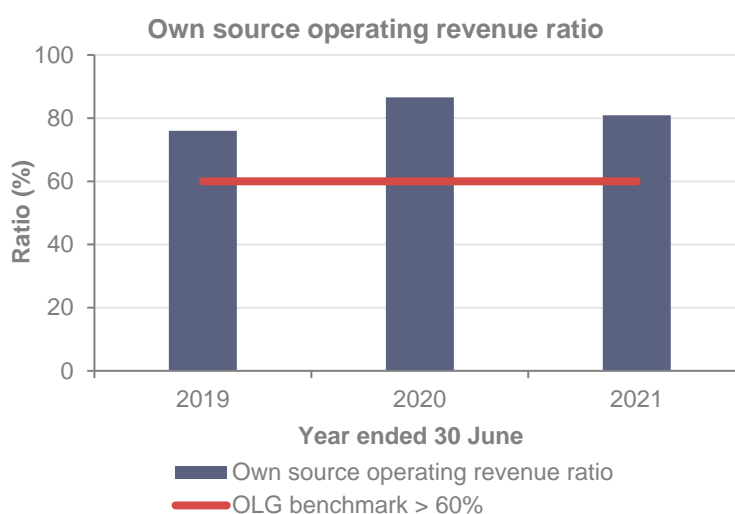
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council continues to exceed the benchmark for the current reporting period.

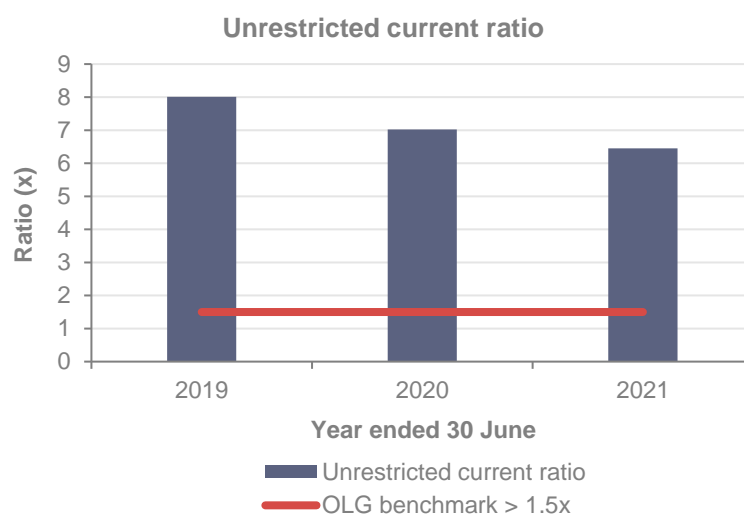
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the benchmark for the current reporting period.

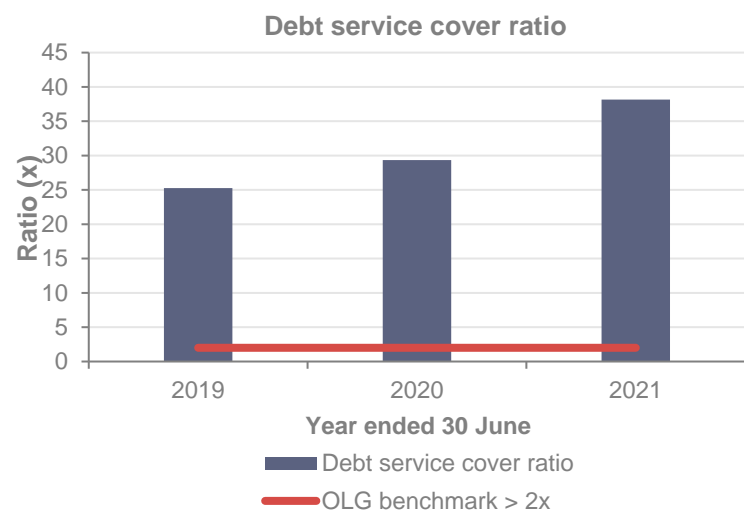
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continues to exceed the benchmark for the current reporting period. This reflects Council's low level of debt.

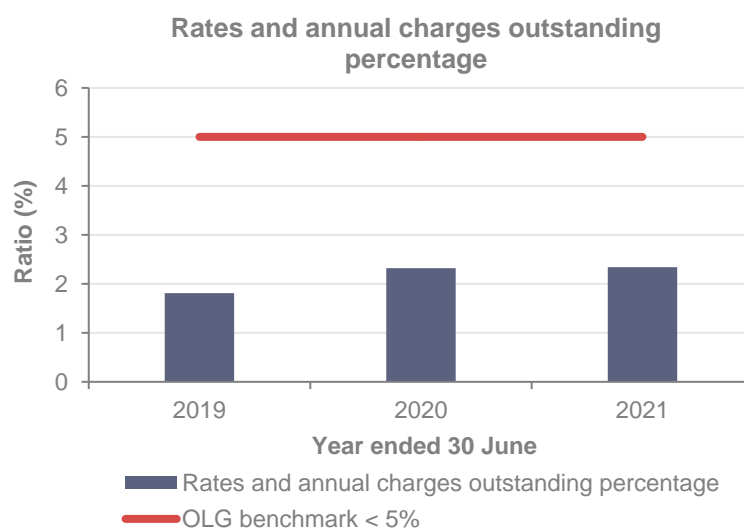
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continues to be within the benchmark for the current reporting period.

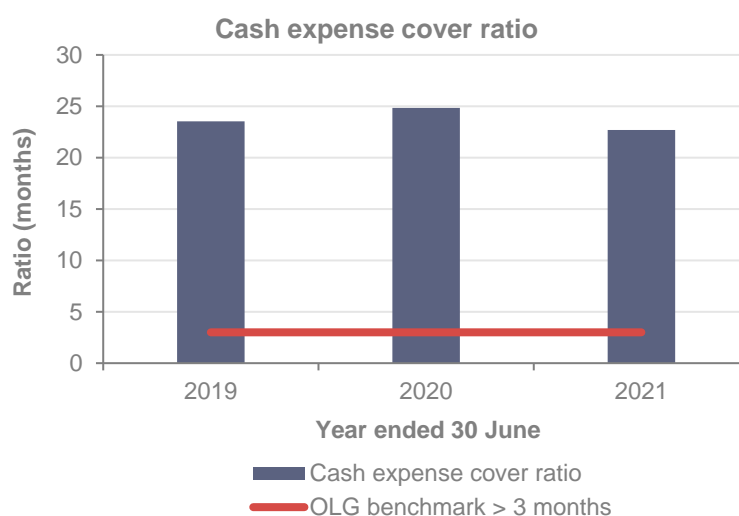
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

Council continues to exceed the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were \$21.9 million in 2020–21 (\$15.6 million in 2019–20)
- new assets additions were \$15.3 million in 2020–21 (\$10.7 million in 2019–20).

OTHER MATTERS

Impact of new accounting standards

The Council assessed the impact of adopting AASB 1059 Service Concession Arrangements and determined that it did not have any arrangements in place that fell within the scope of the new Standard.

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
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Hornsby Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

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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).

Hornsby Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 8 September 2021.



P. Ruddock

Mayor

8 September 2021



M. Hutchence

Deputy Mayor

8 September 2021



S. Head

General Manager

8 September 2021



D. Chell

Responsible Accounting Officer

8 September 2021

Hornsby Shire Council

Income Statement of Aquatic Centres & Sports Stadium

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	4,098	3,860
Other income	276	406
Total income from continuing operations	4,374	4,266
Expenses from continuing operations		
Employee benefits and on-costs	3,230	3,012
Materials and services	424	474
Depreciation, amortisation and impairment	795	861
Calculated taxation equivalents	195	197
Other expenses	814	812
Total expenses from continuing operations	5,458	5,356
Surplus (deficit) from continuing operations before capital amounts	(1,084)	(1,090)
Surplus (deficit) from continuing operations after capital amounts	(1,084)	(1,090)
Surplus (deficit) from all operations before tax	(1,084)	(1,090)
Surplus (deficit) after tax	(1,084)	(1,090)
Plus accumulated surplus	29,715	30,341
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	195	197
– Subsidy paid/contribution to operations	686	267
– Capital contributions	1,880	–
Closing accumulated surplus	31,392	29,715
Return on capital %	(3.2)%	(3.0)%
Subsidy from Council	1,597	1,406

Hornsby Shire Council

Income Statement of Commercial Waste

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	2,063	1,991
Other income	485	264
Total income from continuing operations	2,548	2,255
Expenses from continuing operations		
Employee benefits and on-costs	96	75
Materials and services	1,245	1,532
Other expenses	108	109
Total expenses from continuing operations	1,449	1,716
Surplus (deficit) from continuing operations before capital amounts	1,099	539
Surplus (deficit) from continuing operations after capital amounts	1,099	539
Surplus (deficit) from all operations before tax	1,099	539
Less: corporate taxation equivalent [based on result before capital]	(302)	(148)
Surplus (deficit) after tax	797	391
Plus accumulated surplus	108	148
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	302	148
Less:		
– Dividend paid	(1,110)	(579)
Closing accumulated surplus	97	108

Hornsby Shire Council

Income Statement of Development Applications

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
Fees	250	221
Total income from continuing operations	250	221
Expenses from continuing operations		
Employee benefits and on-costs	331	304
Depreciation, amortisation and impairment	13	13
Other expenses	87	84
Total expenses from continuing operations	431	401
Surplus (deficit) from continuing operations before capital amounts	(181)	(180)
Surplus (deficit) from continuing operations after capital amounts	(181)	(180)
Surplus (deficit) from all operations before tax	(181)	(180)
Surplus (deficit) after tax	(181)	(180)
Plus accumulated surplus	2	2
Plus adjustments for amounts unpaid:		
Add:		
– Subsidy paid/contribution to operations	184	180
Closing accumulated surplus	5	2
Return on capital %	(244.6)%	(260.9)%
Subsidy from Council	182	181

Hornsby Shire Council

Income Statement of Property Services

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 2
Income from continuing operations		
User charges	1,662	1,444
Fees	8	7
Other income	174	174
Total income from continuing operations	1,844	1,625
Expenses from continuing operations		
Employee benefits and on-costs	139	65
Materials and services	264	233
Depreciation, amortisation and impairment	315	314
Calculated taxation equivalents	781	624
Other expenses	105	139
Total expenses from continuing operations	1,604	1,375
Surplus (deficit) from continuing operations before capital amounts	240	250
Surplus (deficit) from continuing operations after capital amounts	240	250
Surplus (deficit) from all operations before tax	240	250
Less: corporate taxation equivalent [based on result before capital]	(66)	(69)
Surplus (deficit) after tax	174	181
Plus accumulated surplus	15,673	16,236
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	781	624
– Corporate taxation equivalent	66	69
– Capital contributions	3,993	–
Less:		
– Dividend paid	(1,439)	(1,437)
Contribution to operations	–	–
Closing accumulated surplus	19,248	15,673
Return on capital %	0.8%	1.0%

Hornsby Shire Council

Statement of Financial Position of Aquatic Centres & Sports Stadium

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	1,057	224
Receivables	81	—
Inventories	49	20
Total current assets	1,187	244
Non-current assets		
Infrastructure, property, plant and equipment	34,412	35,961
Total non-current assets	34,412	35,961
Total assets	35,599	36,205
LIABILITIES		
Current liabilities		
Employee benefit provisions	223	204
Total current liabilities	223	204
Total liabilities	223	204
Net assets	35,376	36,001
EQUITY		
Accumulated surplus	31,392	29,715
Revaluation reserves	3,984	6,286
Total equity	35,376	36,001

Hornsby Shire Council

Statement of Financial Position of Commercial Waste – Commercial Waste as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Receivables	123	132
Total current assets	123	132
Total assets	123	132
LIABILITIES		
Current liabilities		
Employee benefit provisions	26	24
Total current liabilities	26	24
Total liabilities	26	24
Net assets	97	108
EQUITY		
Accumulated surplus	97	108
Total equity	97	108

Hornsby Shire Council

Statement of Financial Position of Development Applications

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Receivables	100	88
Total current assets	100	88
Non-current assets		
Infrastructure, property, plant and equipment	74	69
Total non-current assets	74	69
Total assets	174	157
LIABILITIES		
Current liabilities		
Employee benefit provisions	169	155
Total current liabilities	169	155
Total liabilities	169	155
Net assets	5	2
EQUITY		
Accumulated surplus	5	2
Total equity	5	2

Hornsby Shire Council

Statement of Financial Position of Property Services – Property Services

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 2
ASSETS		
Current assets		
Receivables	287	288
Total current assets	287	288
Non-current assets		
Infrastructure, property, plant and equipment	28,797	25,090
Investment property	29,080	25,435
Total non-current assets	57,877	50,525
Total assets	58,164	50,813
LIABILITIES		
Current liabilities		
Employee benefit provisions	72	65
Total current liabilities	72	65
Total liabilities	72	65
Net assets	58,092	50,748
EQUITY		
Accumulated surplus	19,248	15,673
Revaluation reserves	38,844	35,075
Total equity	58,092	50,748

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, 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, current values 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, return 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. Aquatic & Sports Centres

Operation of swimming pools, gymnasiums & indoor sports centres

b. Commercial Waste Service

Services provided for the collection of commercial waste and sullage

c. Property Services (classified as Category 2 for the year ended 30 June 2020)

Rental of Council properties to 3rd parties for residential & commercial purposes

Category 2

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

d. Development Assessments

Development assessment & inspection services

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.

Note – Significant Accounting Policies (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – **26%**

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,001 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

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

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 26%.

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

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

The rate applied of 26% 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 payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(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'.

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

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

The rate of return is calculated as follows:

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 1.49% at 30/6/21.

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Hornsby Shire Council

To the Councillors of the Hornsby Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Hornsby Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Aquatic Centres and Sports Stadium
- Commercial Waste
- Development Applications
- Property Services.

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 2021, 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 2020–21 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Karen Taylor

Delegate of the Auditor-General for New South Wales

21 October 2021
SYDNEY

Hornsby Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Hornsby Shire Council

Special Schedules

for the year ended 30 June 2021

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Hornsby Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	70,266	72,419
Plus or minus adjustments ²	b	325	164
Notional general income	$c = a + b$	70,591	72,583
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	$i = e \times (c + g)$	1,835	1,452
Sub-total	$k = (c + g + h + i + j)$	72,426	74,035
Plus (or minus) last year's carry forward total	l	2	1
Less valuation objections claimed in the previous year	m	(15)	(7)
Sub-total	$n = (l + m)$	(13)	(6)
Total permissible income	$o = k + n$	72,413	74,029
Less notional general income yield	p	72,419	74,027
Catch-up or (excess) result	$q = o - p$	(5)	2
Plus income lost due to valuation objections claimed ⁴	r	7	—
Carry forward to next year ⁶	$t = q + r + s$	2	2

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.
- (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 *Local Government Act 1993*. 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

Hornsby Shire Council

To the Councillors of Hornsby Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Hornsby Shire Council (the Council) for the year ending 30 June 2022.

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 2020–21 (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 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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



Karen Taylor

Delegate of the Auditor-General for New South Wales

21 October 2021
SYDNEY

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard			Estimated cost to bring assets to agreed level of service set by Council	2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000		\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Libraries	–	–	–	–	72	72	11,588	19,061	0.0%	0.0%	98.2%	1.8%	0.0%
	Amenities	710	710	710	710	450	18	15,957	27,114	21.6%	0.0%	75.9%	1.6%	1.0%
	Commercial/Residential Buildings	660	660	660	660	130	130	9,993	25,117	0.0%	0.0%	83.4%	15.2%	1.4%
	Rural Fire Service Buildings	–	–	–	–	203	174	10,658	15,896	0.0%	7.6%	92.2%	0.2%	0.0%
	Indoor Sports Stadium	–	–	–	–	82	82	8,858	11,308	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Offices /Administration Centres	–	–	–	–	138	138	18,342	28,885	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Works Depot	–	–	–	–	184	184	4,559	11,267	0.0%	25.4%	73.4%	1.2%	0.0%
	Council Public Halls	950	950	950	950	527	527	28,940	47,858	8.5%	0.0%	84.9%	4.7%	1.9%
	Sub-total	2,320	2,320	2,320	2,320	1,786	1,325	107,276	186,506	5.3%	2.2%	87.9%	3.8%	0.8%
Other structures	Other structures	290	290	290	290	200	180	13,339	25,111	20.0%	45.0%	22.0%	7.0%	6.0%
	Wharves, Pontoons & Seawalls	560	560	560	560	311	369	2,093	3,506	25.0%	42.0%	13.0%	20.0%	0.0%
	Sub-total	850	850	850	850	511	549	15,432	28,617	20.6%	44.6%	20.9%	8.6%	5.3%
Roads	Sealed Road	209	209	209	209	3,793	3,933	268,465	314,780	38.2%	34.7%	19.3%	5.7%	2.1%
	Unsealed roads	2	2	2	2	1	1	101	2,892	19.6%	0.0%	80.4%	0.0%	0.0%
	Bridges	9	9	9	9	201	208	14,211	17,125	93.0%	3.8%	3.2%	0.0%	0.0%
	Footpaths	7	7	7	7	419	434	29,653	48,275	0.9%	8.1%	66.6%	24.1%	0.3%
	Traffic Facilities	–	–	–	–	88	91	6,210	7,120	5.7%	78.6%	13.3%	2.5%	0.0%
	Signs	–	–	–	–	64	66	4,533	4,533	66.5%	0.1%	32.4%	0.0%	1.0%
	Traffic Barrier Fencing	5	5	5	5	38	39	2,673	3,460	38.0%	60.0%	2.1%	0.0%	0.0%
	Car Parks	10	10	10	10	16	17	1,155	1,992	2.3%	0.0%	94.0%	3.7%	0.0%
	Cycle ways	–	–	–	–	7	7	465	754	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and Gutter	14	14	14	14	551	571	38,983	61,111	0.5%	4.6%	94.6%	0.3%	0.0%
	Sub-total	256	256	256	256	5,178	5,367	366,449	462,042	31.0%	26.9%	34.2%	6.5%	1.5%
Stormwater drainage	Pipes	2,949	2,949	2,949	2,949	1,099	1,229	332,669	430,156	13.8%	75.7%	10.4%	0.1%	0.0%
	Culverts	171	171	171	171	72	80	21,757	25,618	0.0%	89.4%	10.6%	0.0%	0.0%
	Head Walls	15	15	15	15	1	1	292	298	100.0%	0.0%	0.0%	0.0%	0.0%
	Channels	21	21	21	21	8	8	2,290	3,004	1.7%	83.3%	15.0%	0.0%	0.0%
	Pits	414	414	414	414	204	228	61,638	78,752	33.5%	57.7%	8.6%	0.2%	0.0%
	Sub-total	3,570	3,570	3,570	3,570	1,384	1,546	418,646	537,828	16.0%	73.7%	10.2%	0.1%	0.0%

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Open space / recreational assets	Aquatic Centres	6,500	6,500	327	342	25,296	27,692	0.0%	0.0%	100.0%	0.0%	0.0%
	Sub-total	6,500	6,500	327	342	25,296	27,692	0.0%	0.0%	100.0%	0.0%	0.0%
	Total – all assets	13,496	13,496	9,186	9,129	933,099	1,242,685	19.7%	43.2%	33.0%	3.2%	0.8%

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

Infrastructure asset condition assessment 'key'

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

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

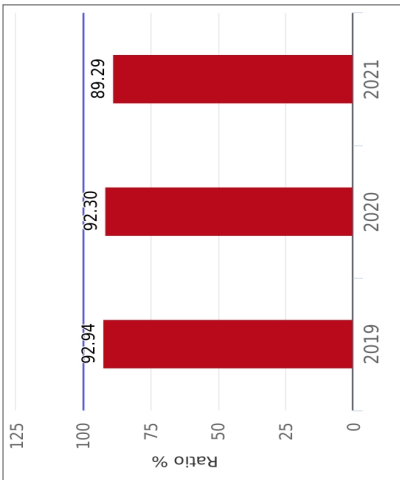
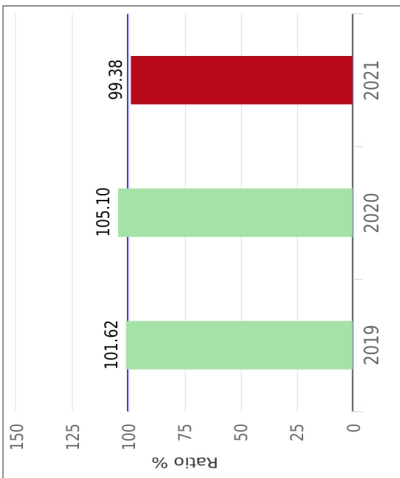
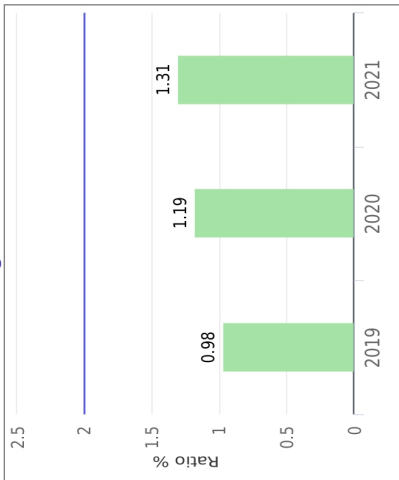
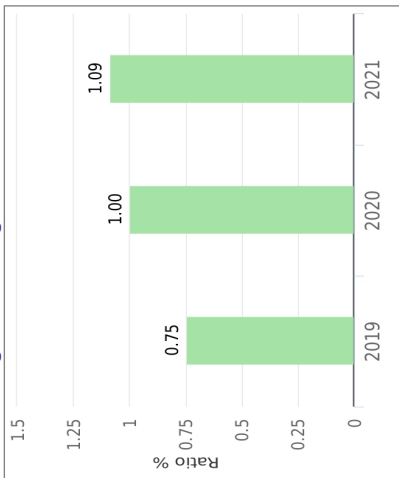
\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	13,837	89.29%	92.30%	92.94%	>= 100.00%
Depreciation, amortisation and impairment	15,497				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	13,496	1.31%	1.19%	0.98%	< 2.00%
Net carrying amount of infrastructure assets	1,027,576				
Asset maintenance ratio					
Actual asset maintenance	9,129	99.38%	105.10%	101.62%	> 100.00%
Required asset maintenance	9,186				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	13,496	1.09%	1.00%	0.75%	
Gross replacement cost	1,242,685				

(*) 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.

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio		Asset maintenance ratio																	
 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2019</td><td>92.94</td></tr><tr><td>2020</td><td>92.30</td></tr><tr><td>2021</td><td>89.29</td></tr></table>	Year	Ratio %	2019	92.94	2020	92.30	2021	89.29	Buildings and infrastructure renewals ratio	 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2019</td><td>101.62</td></tr><tr><td>2020</td><td>105.10</td></tr><tr><td>2021</td><td>99.38</td></tr></table>	Year	Ratio %	2019	101.62	2020	105.10	2021	99.38	Asset maintenance ratio
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To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Depreciation for accounting purposes exceeds cash spent on asset renewals. Nonetheless the condition of Council's infrastructure in general remains consistent with required Levels of Service over the long-term.	Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council's asset maintenance ratio is marginally below the benchmark this year. However, the long term average ratio remains > 1.0. Nonetheless, it is noted that Council has commenced a project to revise Asset Management Plans for each major asset class that will revise the existing forecasts for required maintenance that could see a change to this ratio in future years.																
Benchmark: — >= 100.00%	Ratio achieves benchmark	Benchmark: — > 100.00%	Ratio achieves benchmark																
Source of benchmark: Code of Accounting Practice and Financial Reporting		Source of benchmark: Code of Accounting Practice and Financial Reporting																	
Infrastructure backlog ratio		Cost to bring assets to agreed service level																	
 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2019</td><td>0.98</td></tr><tr><td>2020</td><td>1.19</td></tr><tr><td>2021</td><td>1.31</td></tr></table>	Year	Ratio %	2019	0.98	2020	1.19	2021	1.31	Infrastructure backlog ratio	 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2019</td><td>0.75</td></tr><tr><td>2020</td><td>1.00</td></tr><tr><td>2021</td><td>1.09</td></tr></table>	Year	Ratio %	2019	0.75	2020	1.00	2021	1.09	Cost to bring assets to agreed service level
Year	Ratio %																		
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2021	1.31																		
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This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	Council's infrastructure backlog ratio remains consistently well below the 2% benchmark. The increase shown between 2020 and 2021 represents additional work required at Galston Aquatic Centre and renewal to a number of Council's Commercial properties.	This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	The cost to bring Council's asset base to agreed service levels remains acceptably low (as a proportion of total asset replacement cost). The increase shown between 2020 and 2021 again reflects the work required to be undertaken at Galston Aquatic Centre and to other Council-owned properties.																
Benchmark: — < 2.00%	Ratio achieves benchmark	Benchmark: — < 2.00%	Ratio achieves benchmark																
Source of benchmark: Code of Accounting Practice and Financial Reporting		Source of benchmark: Code of Accounting Practice and Financial Reporting																	

NEED HELP?

This document contains important information. If you do not understand it, please call the Translating and Interpreting Service on 131 450. Ask them to phone 9847 6666 on your behalf to contact Hornsby Shire Council. Council's business hours are Monday to Friday, 8.30am-5pm.

Chinese Simplified

需要帮助吗？

本文件包含了重要的信息。如果您有不理解之处，请致电131 450联系翻译与传译服务中心。请他们代您致电9847 6666联系Hornsby郡议会。郡议会工作时间为周一至周五，早上8:30 - 下午5点。

Chinese Traditional

需要幫助嗎？

本文件包含了重要的信息。如果您有不理解之處，請致電131 450聯繫翻譯與傳譯服務中心。請他們代您致電9847 6666聯繫Hornsby郡議會。郡議會工作時間為周一至周五，早上8:30 - 下午5點。

German

Brauchen Sie Hilfe?

Dieses Dokument enthält wichtige Informationen. Wenn Sie es nicht verstehen, rufen Sie bitte den Übersetzer- und Dolmetscherdienst unter 131 450 an. Bitten Sie ihn darum, für Sie den Hornsby Shire Council unter der Nummer 9847 6666 zu kontaktieren. Die Geschäftszeiten der Stadtverwaltung sind Montag bis Freitag, 8.30-17 Uhr.

Hindi

क्या आपको सहायता की आवश्यकता है?

इस दस्तावेज़ में महत्वपूर्ण जानकारी दी गई है। यदि आप इसे समझ न पाएँ, तो कृपया 131 450 पर अनुवाद और दुभाषिया सेवा को कॉल करें। उनसे हॉर्न्सबी शायर काउंसिल से संपर्क करने के लिए आपकी ओर से 9847 6666 पर फोन करने का निवेदन करें। काउंसिल के कार्यकाल का समय सोमवार से शुक्रवार, सुबह 8.30 बजे-शाम 5 बजे तक है।

Korean

도움이 필요하십니까?

본 문서에는 중요한 정보가 포함되어 있습니다. 이해가 되지 않는 내용이 있으시면, 통역번역서비스(Translating and Interpreting Service)로 전화하셔서(131 450번) 귀하를 대신하여 혼즈비 셔 카운슬에 전화(9847 6666번)를 걸어 달라고 요청하십시오. 카운슬의 업무시간은 월요일~금요일 오전 8시 30분~오후 5시입니다.

Tagalog

Kailangan ng tulong?

Itong dokumento ay naglalaman ng mahalagang impormasyon. Kung hindi ninyo naiintindihan, pakitawagan ang Serbisyo sa Pagsasalinwika at Pag-iinterpretar (Translating and Interpreting Service) sa 131 450. Hilingin sa kanilang tawagan ang 9847 6666 para sa inyo upang kontakin ang Hornsby Shire Council. Ang oras ng opisina ng Council ay Lunes hanggang Biyernes, 8.30n.u.-5n.h.



Hornsby Shire Council

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Office hours: Please check the website for the latest opening hours for the Customer Service Centre and Duty Officer.

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