



HORNSBY SHIRE COUNCIL

General purpose
FINANCIAL STATEMENTS
and associated special schedules

30 June 2022

Hornsby Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Hornsby Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	76
On the Financial Statements (Sect 417 [3])	79

Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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 14 September 2022.



P. Ruddock
Mayor
14 September 2022



N. Tilbury
Deputy Mayor
14 September 2022



S. Head
General Manager
14 September 2022



D. Chell
Responsible Accounting Officer
14 September 2022

Hornsby Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	Income from continuing operations			
101,523	Rates and annual charges	B2-1	103,081	100,700
14,354	User charges and fees	B2-2	11,611	14,002
6,513	Other revenues	B2-3	4,045	4,857
10,571	Grants and contributions provided for operating purposes	B2-4	14,814	10,862
5,282	Grants and contributions provided for capital purposes	B2-4	29,601	19,002
3,992	Interest and investment income	B2-5	3,064	3,626
–	Other income	B2-6	2,209	5,157
1,000	Net gain from the disposal of assets	B4-1	–	–
143,235	Total income from continuing operations		168,425	158,206
	Expenses from continuing operations			
51,405	Employee benefits and on-costs	B3-1	48,302	49,504
51,105	Materials and services	B3-2	70,117	59,230
24	Borrowing costs	B3-3	84	74
20,442	Depreciation, amortisation and impairment of non-financial assets	B3-4	20,461	21,911
14,040	Other expenses	B3-5	3,331	3,403
–	Net loss from the disposal of assets	B4-1	2,586	4,997
137,016	Total expenses from continuing operations		144,881	139,119
6,219	Operating result from continuing operations		23,544	19,087
6,219	Net operating result for the year attributable to Council		23,544	19,087
937	Net operating result for the year before grants and contributions provided for capital purposes		(6,057)	85

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 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		23,544	19,087
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	101,507	(7,007)
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	–	(246)
Gain/(loss) on defined benefit plan re-measurements	C3-4	827	765
Total items which will not be reclassified subsequently to the operating result		102,334	(6,488)
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Realised (gain) loss on financial assets at fair value through other comprehensive income		(1,097)	176
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(1,097)	176
Total other comprehensive income for the year		101,237	(6,312)
Total comprehensive income for the year attributable to Council		124,781	12,775

Hornsby Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	47,763	45,775
Investments	C1-2	81,171	101,773
Receivables	C1-4	9,867	8,355
Inventories	C1-5	182	177
Contract assets and contract cost assets		67	80
Other		388	299
Total current assets		139,438	156,459
Non-current assets			
Investments	C1-2	173,922	149,051
Receivables	C1-4	1,332	1,524
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,724,636	1,602,189
Investment property	C1-7	29,710	29,080
Intangible assets	C1-8	1,081	1,199
Right of use assets	C2-1	331	786
Total non-current assets		1,931,012	1,783,829
Total assets		2,070,450	1,940,288
LIABILITIES			
Current liabilities			
Payables	C3-1	13,472	11,527
Contract liabilities	C3-2	2,440	1,931
Lease liabilities	C2-1	358	438
Borrowings	C3-3	257	242
Employee benefit provisions	C3-4	14,802	15,359
Provisions	C3-5	4,985	1,787
Total current liabilities		36,314	31,284
Non-current liabilities			
Contract liabilities	C3-2	200	222
Lease liabilities	C2-1	–	358
Borrowings	C3-3	–	257
Employee benefit provisions	C3-4	2,111	3,138
Provisions	C3-5	3,308	1,292
Total non-current liabilities		5,619	5,267
Total liabilities		41,933	36,551
Net assets		2,028,517	1,903,737
EQUITY			
Accumulated surplus	C4-1	1,306,412	1,277,260
IPPE revaluation reserve	C4-1	722,833	626,108
Other reserves	C4-1	(728)	368
Council equity interest		2,028,517	1,903,736
Total equity		2,028,517	1,903,736

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 2022

	Notes	2022				2021			
		Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity
\$ '000									
Opening balance at 1 July		1,277,260	626,108	368	1,903,736	1,256,222	634,547	192	1,890,961
Opening balance		1,277,260	626,108	368	1,903,736	1,256,222	634,547	192	1,890,961
Net operating result for the year		23,544	-	-	23,544	19,087	-	-	19,087
Net operating result for the period		23,544	-	-	23,544	19,087	-	-	19,087
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	101,507	-	101,507	-	(7,007)	-	(7,007)
Realised (gain) loss on financial assets at fair value through other comprehensive income		-	-	(1,096)	(1,096)	-	-	176	176
- Impairment (loss) relating to infrastructure, property, plant and equipment	C1-6	-	-	-	-	-	(246)	-	(246)
- Disposal of infrastructure, property, plant and equipment		4,782	(4,782)	-	-	-	-	-	-
- Defined benefit plan re-measurements for the year		826	-	-	826	765	-	-	765
Total comprehensive income		29,152	96,725	(1,096)	124,781	19,852	(7,253)	176	12,775
Transfers between equity items		-	-	-	-	1,186	(1,186)	-	-
Closing balance at 30 June		1,306,412	722,833	(728)	2,028,517	1,277,260	626,108	368	1,903,736

Hornsby Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
102,495	Rates and annual charges		103,202	100,621
14,261	User charges and fees		12,686	14,556
3,581	Interest received		3,224	4,158
19,934	Grants and contributions		43,727	24,728
–	Bonds, deposits and retentions received		–	22
7,122	Other		14,571	16,481
Payments:				
(52,246)	Payments to employees		(48,872)	(48,637)
(58,874)	Payments for materials and services		(73,678)	(66,930)
(27)	Borrowing costs		(82)	(71)
–	Bonds, deposits and retentions refunded		(13)	–
(9,960)	Other		(1,795)	(3,794)
26,286	Net cash flows from operating activities	G1-1	52,970	41,134
Cash flows from investing activities				
Receipts:				
–	Sale of investments		120,185	126,000
1,000	Proceeds from sale of IPPE		1,157	1,071
Payments:				
–	Purchase of investments		(126,995)	(134,316)
–	Purchase of investment property		–	(3,548)
(64,955)	Payments for IPPE		(44,649)	(34,641)
–	Purchase of intangible assets		–	(13)
(63,955)	Net cash flows from investing activities		(50,302)	(45,447)
Cash flows from financing activities				
Payments:				
(242)	Repayment of borrowings		(242)	(366)
–	Principal component of lease payments		(438)	(220)
(242)	Net cash flows from financing activities		(680)	(586)
(37,911)	Net change in cash and cash equivalents		1,988	(4,899)
45,775	Cash and cash equivalents at beginning of year		45,775	50,674
7,864	Cash and cash equivalents at end of year	C1-1	47,763	45,775
250,824	plus: Investments on hand at end of year	C1-2	255,093	250,824
258,688	Total cash, cash equivalents and investments		302,856	296,599

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

Hornsby Shire Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	22
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
B4 Gains or losses	26
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
B5 Performance against budget	27
B5-1 Material budget variations	27
C Financial position	29
C1 Assets we manage	29
C1-1 Cash and cash equivalents	29
C1-2 Investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	31
C1-5 Inventories	33
C1-6 Infrastructure, property, plant and equipment	34
C1-7 Investment property	37
C1-8 Intangible assets	37
C2 Leasing activities	39
C2-1 Council as a lessee	39
C2-2 Council as a lessor	40
C3 Liabilities of Council	42
C3-1 Payables	42
C3-2 Contract Liabilities	42
C3-3 Borrowings	43
C3-4 Employee benefit provisions	44
C3-5 Provisions	51

Hornsby Shire Council

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

C4 Reserves	53
C4-1 Nature and purpose of reserves	53
D Risks and accounting uncertainties	54
D1-1 Risks relating to financial instruments held	54
D2-1 Fair value measurement	57
D3-1 Contingencies	61
E People and relationships	64
E1 Related party disclosures	64
E1-1 Key management personnel (KMP)	64
E1-2 Councillor and Mayoral fees and associated expenses	66
E2 Other relationships	67
E2-1 Audit fees	67
F Other matters	68
F1-1 Statement of Cash Flows information	68
F2-1 Commitments	69
F3-1 Events occurring after the reporting date	70
F4 Statement of developer contributions as at 30 June 2022	71
F4-1 Summary of developer contributions	71
F4-2 Developer contributions by plan	71
F5 Statement of performance measures	73
F5-1 Statement of performance measures – consolidated results	73
G Additional Council disclosures (unaudited)	74
G1-1 Statement of performance measures – consolidated results (graphs)	74

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 14 September 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties (Note C1-7)
- (ii) estimated fair values of infrastructure, property, plant and equipment (Note C1-6)
- (iii) employee benefit provisions (Note C3-4)
- (iv) provision for land remediation (Note C3-5)

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.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- general purpose operations
- domestic waste management
- all specific purpose grants and contributions.

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 5,670 hours of volunteer services during the year ended 30 June 2022 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 \$266K, 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 but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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:

A1-1 Basis of preparation (continued)

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.

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.

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

This standard has an effective date for the 30 June 2023 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 2021:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments
- AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021
- AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
General Managers Division	563	1,238	8,410	7,608	(7,847)	(6,370)	553	1,221	36	29
Corporate Support	4,832	9,558	37,094	39,081	(32,262)	(29,523)	439	2,691	408,309	397,214
Infrastructure & Major Projects	14,398	15,767	24,068	20,310	(9,670)	(4,543)	8,762	9,183	1,024,815	1,008,574
Community & Environment	57,334	42,581	62,901	59,651	(5,567)	(17,070)	20,862	6,018	606,507	532,215
Planning	12,814	10,101	12,408	12,469	406	(2,368)	7,353	4,912	815	906
General Purpose Income	78,484	77,611	–	–	78,484	77,611	6,446	4,489	–	–
Other	–	–	–	–	–	–	–	1,350	29,968	1,350
Total functions and activities	168,425	156,856	144,881	139,119	23,544	17,737	44,415	29,864	2,070,450	1,940,288

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	2022	2021
Ordinary rates		
Residential	61,953	60,604
Farmland	620	614
Business	7,177	7,032
Major shopping centre	1,248	1,221
Less: pensioner rebates	(902)	(932)
Rates levied to ratepayers	70,096	68,539
Pensioner rate subsidies received	507	500
Total ordinary rates	70,603	69,039
Special rates		
Catchment remediation rate	3,046	2,971
Less: pensioner rebates (mandatory)	(39)	(40)
Rates levied to ratepayers	3,007	2,931
Pensioner rate subsidies received:		
– Other	22	21
Total special rates	3,029	2,952
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	29,552	28,808
Section 611 charges	61	80
Less: pensioner rebates	(375)	(386)
Annual charges levied	29,238	28,502
Pensioner subsidies received:		
– Domestic waste management	211	207
Total annual charges	29,449	28,709
Total rates and annual charges	103,081	100,700

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

Accounting policy

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

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	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Waste management services (non-domestic)	2,078	2,063
Sullage	21	26
Total specific user charges	2,099	2,089

B2-2 User charges and fees (continued)

\$ '000	2022	2021
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	374	357
Planning and building regulation	3,638	3,644
Registration fees	125	93
Regulatory fees	232	299
Total fees and charges – statutory/regulatory	4,369	4,393
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Community centres	519	674
Parking fees	273	353
Restoration charges	389	931
Swimming centres - term fees	1,887	2,577
Swimming centres - single admission fees	550	717
Indoor sports centre stadium	579	804
Library fees and charges	25	22
Park and oval hire fees	680	1,173
Credit card surcharges	135	125
Other	106	144
Total fees and charges – other	5,143	7,520
Total other user charges and fees	9,512	11,913
Total user charges and fees	11,611	14,002
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	2,567	3,750
User charges and fees recognised at a point in time (2)	9,044	10,252
Total user charges and fees	11,611	14,002

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 revenues

\$ '000	2022	2021
Fines – parking	1,743	1,775
Legal fees recovery – rates and charges (extra charges)	83	97
Diesel rebate	–	107
Recycling income (non-domestic)	59	52
Sales – general	185	417
Legal fees recovery – planning	23	89
Car park management	75	125
Florence mall income	46	71
Home modification	172	210
Insurance claim recoveries, rebates and incentives	135	258
Prosecutions and infringements	120	298

continued on next page ...

B2-3 Other revenues (continued)

\$ '000	2022	2021
Legal settlements	525	401
Vehicular crossing income	78	40
Reimbursement for storm damages	505	460
Other	296	457
Total other revenue	4,045	4,857

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	4,045	4,857
Total other revenue	4,045	4,857

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	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	1,736	1,468	–	–
Financial assistance – local roads component	804	700	–	–
Payment in advance - future year allocation				
Financial assistance – general component	2,665	1,592	–	–
Financial assistance – local roads component	1,241	730	–	–
Amount recognised as income during current year	6,446	4,490	–	–

Special purpose grants and non-developer contributions (tied)

Cash contributions

Bushfire and emergency services	1,627	48	–	22
Community care	51	21	–	–
Community centres	–	–	205	–
Economic development	550	500	–	863
Environmental programs	–	77	148	–
Library subsidy	460	443	–	–
Recreation and culture	45	–	1,625	–
Street lighting	353	358	–	–
Transport (roads to recovery)	872	872	–	–
Transport (other roads and bridges funding)	1,212	1,087	1,740	3,181
Aged and disabled	777	614	–	–
Bushland	841	927	2,640	–
Parks and gardens	10	–	2,586	4,536
Waste and recycling	180	224	–	–
Administration Centre	–	–	–	2,289
Aquatic Centres	–	–	223	436
Other specific grants	120	10	451	282
Previously contributions:				
Employee vehicle contributions	516	506	–	–
Bushfire services	482	482	–	–
Community services	–	20	–	–

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Environment	1	–	–	–
Parks and gardens	–	85	11,847	–
Roads and bridges	–	64	383	–
Other contributions	210	–	247	245
Non-cash contributions				
Dedications	–	–	–	2,230
Other councils – joint works/services	61	34	750	750
Total special purpose grants and non-developer contributions (tied)	8,368	6,372	22,845	14,834
Total grants and non-developer contributions	14,814	10,862	22,845	14,834
Comprising:				
– Commonwealth funding	8,119	5,974	2,627	4,760
– State funding	3,859	3,809	18,837	6,849
– Other funding	2,836	1,079	1,381	3,225
	14,814	10,862	22,845	14,834

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:	F4				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	6,756	4,168
Total developer contributions – cash		–	–	6,756	4,168
Total developer contributions		–	–	6,756	4,168
Total contributions		–	–	6,756	4,168
Total grants and contributions		14,814	10,862	29,601	19,002
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		777	614	436	413
Grants and contributions recognised at a point in time (2)		14,037	10,248	29,165	18,589
Total grants and contributions		14,814	10,862	29,601	19,002

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	7,057	5,962	3,594	488
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	6,725	4,981	16,411	3,533
	627	561	460	–

B2-4 Grants and contributions (continued)

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Add: Funds received and not recognised as revenue in the current year	627	561	460	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(4,166)	(3,942)	(2,149)	(14)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(613)	(505)	(436)	(413)
Unspent funds at 30 June	9,630	7,057	17,880	3,594

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	–	–	82,112	83,039
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	7,166	5,697
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(7,876)	(6,624)
Unspent contributions at 30 June	–	–	81,402	82,112

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

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.

Other grants and contributions

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

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

Capital grants

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

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

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

Developer Contributions

B2-4 Grants and contributions (continued)

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	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	110	77
– Cash and investments	2,954	3,549
Total interest and investment income (losses)	3,064	3,626

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investment properties			
Fair value increment on investment properties		630	97
Total fair value increment on investment properties	C1-7	630	97
Fair value increment on investments			
Fair value (decrement)/increment on investments through profit and loss		(1,445)	1,803
Total Fair value (decrement)/increment on investments		(1,445)	1,803
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		972	1,047
Total Investment properties		972	1,047
Other lease income			
Properties classified as IPPE		2,052	2,210
Total other lease income		2,052	2,210
Total rental income	C2-2	3,024	3,257
Total other income		2,209	5,157

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	44,620	44,565
Employee leave entitlements (ELE)	836	1,865
Superannuation	4,795	4,839
Superannuation – defined benefit plans	36	41
Workers' compensation insurance	871	679
Fringe benefit tax (FBT)	61	46
Other	315	415
Total employee costs	51,534	52,450
Less: capitalised costs	(3,232)	(2,946)
Total employee costs expensed	48,302	49,504
Number of 'full-time equivalent' employees (FTE) at year end	489	503

Accounting policy

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

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	2022	2021
Raw materials and consumables		1,993	2,125
– Building maintenance		1,467	1,152
– Bush regeneration		1,223	1,131
– Community centres		199	237
– Computer support		3,177	2,765
– Consultants		1,898	2,750
– Contractors - environmental remediation of Foxglove Oval ¹		9,559	3,173
– Contractor and agency fees		4,990	990
– Contracts – electrical		454	412
– Contracts – grass cutting		562	580
– Contracts – plumbing		401	474
– Contracts – property management		505	256
– Contracts – tree work		819	807
– Drainage maintenance		476	915
– Election expense		862	–
– External plant and equipment hire		182	304
– Footpath maintenance		257	241
– Foreshore facilities		158	232
– Garbage collection, tipping and recycling		26,040	25,045
– Home modification service		256	178
– Maintenance of parks		619	697
– Mechanical services		463	617
– Property cleaning		527	926
– Road maintenance		1,309	1,255

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B3-2 Materials and services (continued)

\$ '000	Notes	2022	2021
– Stormwater asset maintenance		330	644
Audit Fees	E2-1	128	118
Councillor and Mayoral fees and associated expenses	E1-2	342	342
Electricity and heating		1,079	1,164
Insurance		1,593	1,415
Printing and stationery		419	357
Street lighting		2,313	2,107
Subscriptions and publications		601	633
Telephone and communications		661	752
Valuation fees		307	261
Training costs (other than salaries and wages)		311	274
Bank charges and cash collection expenses		342	361
Licences and registration		322	328
Water and sewerage		570	496
Legal expenses:			
– Legal expenses: planning and development		373	464
– Legal expenses: other		311	275
Expenses from leases of low value assets		329	274
Other		1,390	1,703
Total materials and services		70,117	59,230

Accounting policy

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

(1) Amounts have been reclassified from the "Consultants" line in the prior year to allow separate disclosure of costs relating to the environmental remediation of Foxglove Oval.

B3-3 Borrowing costs

\$ '000	2022	2021
Interest on leases	60	30
Interest on loans	24	44
Total borrowing costs expensed	84	74

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	2022	2021
Depreciation and amortisation			
Plant and equipment		1,487	1,412
Office equipment		110	132
Furniture and fittings		51	54
Land improvements (depreciable)		1,853	1,765
Infrastructure:	C1-6		
– Buildings – non-specialised		2,314	1,817
– Buildings – specialised		1,767	1,803
– Other structures		1,157	1,132
– Roads		5,498	5,763
– Bridges		296	297
– Footpaths		507	462
– Stormwater drainage		3,598	3,594
– Water supply network		5	4
– Swimming pools		391	379
Right of use assets	C2-1	455	230
Other assets:			
– Catchment remediation assets		338	333
– Library books		516	572
Intangible assets	C1-8	118	117
Total depreciation and amortisation costs		20,461	19,866
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-6		
– Buildings – non-specialised		–	95
– Buildings – specialised		–	151
– Community land		–	2,045
Amounts taken through revaluation reserve	C1-6	–	(246)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	2,045
Total depreciation, amortisation and impairment for non-financial assets		20,461	21,911

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	2022	2021
Impairment of receivables		
Other	10	17
Total impairment of receivables	10	17
Other		
Contributions/levies to other levels of government		
– Department of planning levy	290	286
– Emergency services levy (includes FRNSW, SES, and RFS levies)	223	238
– NSW fire brigade levy	1,765	1,715
– NSW rural fire service levy	813	887
– NSW state revenue infringement processing fees	189	242
Donations, contributions and assistance to other organisations (Section 356)	41	18
Total other expenses	3,331	3,403

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	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(2,857)	(4,397)
Gain (or loss) on disposal		(2,857)	(4,397)
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		1,157	1,071
Less: carrying amount of plant and equipment assets sold/written off		(505)	(623)
Gain (or loss) on disposal		652	448
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(381)	(1,048)
Gain (or loss) on disposal		(381)	(1,048)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		120,185	126,000
Less: carrying amount of investments sold/redeemed/matured		(120,185)	(126,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(2,586)	(4,997)

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 09/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	101,523	103,081	1,558	2% F
User charges and fees	14,354	11,611	(2,743)	(19)% U
Revenue from user charges and fees is lower than budgeted primarily due to the impact of COVID on Council's swimming centre and sports stadium income. These facilities were closed to visitors during the COVID lockdown period.				
Other revenues	6,513	4,045	(2,468)	(38)% U
The budget value for Other revenues also contains the budget value for Other income below. Other income relates to fair value movements on investments held as well as leasing income from investment and rental properties. Including the actual value of Other Income below reduces this variance to below 10%.				
Operating grants and contributions	10,571	14,814	4,243	40% F
Revenue from operating grants and contributions is greater than budgeted because Council received an early receipt for the 2022/23 Financial Assistance grant which was larger than the early receipt received in the previous year. Overall Financial Assistance grant revenue was \$2.0M higher in the 2021/22 year. In addition Council received a \$1.0M flood grant from the Department of Planning and Environment.				
Capital grants and contributions	5,282	29,601	24,319	460% F
Revenue from capital grants and contributions is greater than budgeted due to the receipt of grants from the the Stronger Communities Fund. For the year this includes \$4.5M relating to the upgrade of Mark Taylor Oval, \$2.2M for the expansion of mountain bike trails, \$1.5M relating to Westleigh Park and \$1.5M relating to Ron Payne Reserve.				
Council was also granted \$1.4M relating to Greenway Park and \$1.2M relating to Wiseman's Ferry Pontoon.				
Interest and investment revenue	3,992	3,064	(928)	(23)% U
Interest and investment revenue is lower than budgeted as a result of historically low interest rates during the year ended 30 June 2022. This impacted the returns on Council's cash and investment products.				
Net gains from disposal of assets	1,000	–	(1,000)	(100)% U
The 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 or loss on disposal of assets which is disclosed within the Financial Statements.				
Other income	–	2,209	2,209	∞ F
The budget value for Other revenues above also contains the budget value for Other income. Other income relates to fair value movements on investments held as well as leasing income from investment and rental properties. Including the actual value of Other Income below reduces this variance to below 10%.				
Expenses				
Employee benefits and on-costs	51,405	48,302	3,103	6% F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Materials and services	51,105	70,117	(19,012)	(37)% 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 which was released after the Budget had been adopted. \$9.577M of expenditure has been moved from Other Expenses. The remaining variance to budget is comprised of \$4.5M relating to the one off provision for land remediation at Foxglove Oval in Mt Colah in Note C3-5 and \$3.6M relating to unexpected asbestos remediation work at Wiseman's Ferry Pontoon.				
Borrowing costs	24	84	(60)	(250)% U
The actual result for Borrowing costs is greater than budgeted as it includes non cash amounts to recognise interest on leases accounted for under the requirements of AASB 16 - Leases.				
Depreciation, amortisation and impairment of non-financial assets	20,442	20,461	(19)	0% U
Other expenses	14,040	3,331	10,709	76% F
Expenditure on other expenses is less than 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 which was released after the Budget had been adopted. \$9.577M of expenditure has been moved from Other Expenses and the variance to budget is less than 10% if this is accounted for.				
Net losses from disposal of assets	-	2,586	(2,586)	∞ U
Council has disposed a number of infrastructure assets during the year which 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	26,286	52,970	26,684	102% F
Cash flows from operating activities are greater than in Council's Long Term Financial Plan (LTFP) because cashflows from grants and contributions is \$43.7m compared to a budgeted value of \$19.9m. A number of grants have been applied for and received since the LTFP was developed. Large grants received in the current year include \$4.5M relating to the upgrade of Mark Taylor Oval, \$2.2M for the expansion of mountain bike trails, \$1.5M relating to Westleigh Park and \$1.5M relating to Ron Payne Reserve. Council was also granted \$1.4M relating to Greenway Park and \$1.2M relating to Wiseman's Ferry Pontoon.				
Cash flows from investing activities	(63,955)	(50,302)	13,653	(21)% F
Net cash flows from investing differs to the budget as a result of delays to Council's forecast capital works program from COVID-19 supply side shortages which have resulted in lower than budgeted payments for infrastructure, property, plant and equipment. Major projects impacted include Hornsby Park, Wiseman's Ferry pontoon and carpark and Galston Aquatic Centre.				
Cash flows from financing activities	(242)	(680)	(438)	181% U
Cash flows from financing activities are greater than in the LTFP as they include leasing costs which are accounted for under the requirements of Australian Accounting Standards Board 16 - Leases which were not included in the budgeted cashflows. Whilst the variance to budget is above 10% this variance is considered immaterial in value.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	13,365	7,543
Cash equivalent assets		
– Deposits at call	34,398	38,204
– Managed funds	–	28
Total cash and cash equivalents	47,763	45,775

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	47,763	45,775
Balance as per the Statement of Cash Flows	47,763	45,775

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Long term deposits	60,141	117,000	69,781	111,500
Total	60,141	117,000	69,781	111,500
Financial assets at fair value through profit and loss				
Managed funds (medium term)	21,030	–	22,475	–
Total	21,030	–	22,475	–
Financial assets at fair value through other comprehensive income				
Floating rate notes	–	56,922	9,517	37,551
Total	–	56,922	9,517	37,551
Total investments	81,171	173,922	101,773	149,051

Accounting policy

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)

C1-2 Investments (continued)

- 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 2022, 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 and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	302,856	296,599
Less: Externally restricted cash, cash equivalents and investments	(200,551)	(195,541)
Cash, cash equivalents and investments not subject to external restrictions	102,305	101,058
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	860	822
External restrictions – included in liabilities	860	822
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	81,402	82,112

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

\$ '000	2022	2021
Transport for NSW contributions	4,231	3,984
Specific purpose unexpended grants (recognised as revenue) – general fund	26,650	9,829
Stronger Communities Funding – Hornsby Quarry	37,600	45,971
Stronger Communities Funding – Westleigh	39,274	39,753
Domestic waste management	9,356	9,273
Other	1,178	3,797
External restrictions – other	199,691	194,719
Total external restrictions	200,551	195,541

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

\$ '000	2022	2021
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(b) Internal allocations

Internal allocations

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

Employees leave entitlements	19,005	17,104
Asset maintenance and renewal	8,395	7,228
Buildings – Wallarobba	499	499
Civil works – SRV	992	377
Community centres	492	526
Council strategic capital projects	46,533	47,614
Hornsby quarry – North Connex	118	302
LED street light upgrade	1,293	1,532
Proceeds from asset sales (179 Beecroft Road)	1,274	2,411
Other	3,814	4,630
Total internal allocations	82,415	82,223

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

\$ '000	2022	2021
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	19,890	18,835
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C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	1,913	318	1,893	325
Interest and extra charges	192	–	196	–
User charges and fees	113	–	143	–
Accrued revenues				
– Interest on investments	785	–	941	–
– Other income accruals	2,504	–	32	–
Government grants and subsidies	1,278	–	1,350	–
Net GST receivable	1,446	–	1,602	–
Biobanking - management payments receivable	530	1,014	694	1,199
Facility hire	586	–	562	–
Fines and penalties	36	–	57	–

continued on next page ...

C1-4 Receivables (continued)

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Licencing	38	–	63	–
Property rentals	332	–	528	–
Restorations	34	–	48	–
Sullage	15	–	15	–
Other debtors	147	–	310	–
Total	9,949	1,332	8,434	1,524
Less: provision for impairment				
Other debtors	(82)	–	(79)	–
Total provision for impairment – receivables	(82)	–	(79)	–
Total net receivables	9,867	1,332	8,355	1,524

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'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 Contributions

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	182	–	177	–
Total inventories at cost	182	–	177	–
Total inventories	182	–	177	–

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	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
\$ '000													
Capital work in progress	14,939	–	14,939	24,280	18,013	–	–	(30,001)	–	–	27,231	–	27,231
Plant and equipment	19,934	(12,515)	7,419	–	1,670	(480)	(1,487)	–	–	–	20,025	(12,903)	7,122
Office equipment	2,874	(2,641)	233	–	168	–	(110)	–	–	–	2,785	(2,494)	291
Furniture and fittings	1,732	(1,542)	190	–	–	(8)	(51)	–	–	–	538	(407)	131
Land:													
– Operational land	150,641	–	150,641	–	–	(167)	–	1,800	(1,586)	–	150,688	–	150,688
– Community land	339,147	–	339,147	–	–	–	–	2,640	(1,800)	–	339,987	–	339,987
Land improvements	104,218	(43,574)	60,644	–	–	(13)	(1,853)	9,682	–	–	113,887	(45,427)	68,460
Infrastructure:													
– Buildings – non-specialised	99,403	(39,452)	59,951	–	–	(2,690)	(2,314)	4,552	–	9,988	104,186	(34,699)	69,487
– Buildings – specialised	83,813	(36,488)	47,325	–	–	–	(1,767)	343	–	14,411	101,716	(41,404)	60,312
– Other structures	28,609	(13,177)	15,432	–	–	(5)	(1,157)	730	–	–	29,306	(14,306)	15,000
– Roads	396,648	(74,056)	322,592	–	–	(247)	(5,498)	5,646	–	33,217	443,336	(87,626)	355,710
– Bridges	17,125	(2,913)	14,212	–	–	–	(296)	–	–	1,433	18,889	(3,540)	15,349
– Footpaths	48,274	(18,622)	29,652	–	–	(86)	(507)	5,050	–	3,513	58,625	(21,003)	37,622
– Bulk earthworks (non-depreciable)	79,459	–	79,459	–	–	–	–	–	–	–	79,459	–	79,459
– Stormwater drainage	537,827	(119,181)	418,646	–	–	(44)	(3,598)	758	–	39,940	588,700	(132,998)	455,702
– Water supply network	178	(106)	72	–	–	–	(5)	92	–	–	270	(111)	159
– Swimming pools	27,693	(2,397)	25,296	–	–	–	(391)	7	–	591	30,733	(5,230)	25,503
Other assets:													
– Catchment remediation assets	17,647	(2,593)	15,054	–	–	–	(338)	501	–	–	18,149	(2,931)	15,218
– Library books	3,371	(2,086)	1,285	–	440	(4)	(516)	–	–	–	2,970	(1,765)	1,205
Total infrastructure, property, plant and equipment	1,973,532	(371,343)	1,602,189	24,280	20,291	(3,744)	(19,888)	–	–	101,507	2,131,480	(406,844)	1,724,636

(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	Asset movements during the reporting period										At 30 June 2021				
	At 1 July 2020			Impairment					Revaluation		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
\$ '000	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 equity (ARR)	WIP transfers	Adjustments and transfers	Dedications / Donations	Revaluation decrements 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)	–	–	–	692	634	(7,007)	339,147	–	339,147
Land improvements – depreciable	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:															
– Library books	3,480	(2,074)	1,406	–	451	–	(572)	–	–	–	–	–	3,371	(2,086)	1,285
– Catchment remediation assets	16,906	(2,260)	14,646	–	–	–	(333)	–	742	–	–	–	17,647	(2,593)	15,054
Total infrastructure, property, plant and equipment	1,955,398	(357,733)	1,597,665	21,863	15,316	(6,067)	(19,519)	(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).

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	Stormwater Assets	Years
Vehicles	7	Drainage components (pits, pipes, etc...)	150
All other plant & equipment	7 to 25	Catchment remediation assets	50
Library Books	5	Buildings	
		Structure	35 to 125
Software & Licences (Note C1-8)		Roof	40 to 100
Software	5 to 15	Internal finishes, fire & security	20 to 80
Licences (1 year +)	Expiry of licence	Electrical, mechanical & transportation	25
Transportation Assets		Land Improvements	
Sealed roads	30 to 100	Playground & sports equipment	10 to 50
Unsealed roads	5	Picnic furniture	10 to 20
Bridges	20 to 80	Service equipment	10 to 80
Traffic facilities	20 to 100	Landscaping ("hard" elements)	10 to 80
Kerb, gutter & footpaths (concrete)	100	Trees & gardening	non-depreciable
Bulk earthworks	non-depreciable	Turf	non-depreciable
		Sports fields (natural/non-artificial)	non-depreciable
Other Structures			
Pontoons, wharves & seawalls	10 to 80		
Park shelters	10 to 50		

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.

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.

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

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the 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	2022	2021
Owned investment property		
Investment property on hand at fair value	29,710	29,080
Total owned investment property	29,710	29,080
Owned investment property		
At fair value		
Opening balance at 1 July	29,080	25,435
Additions - new assets	–	3,548
Net gain/(loss) from fair value adjustments	630	97
Closing balance at 30 June	29,710	29,080

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	2022	2021
Software		
Opening values at 1 July		
Gross book value	1,783	1,770
Accumulated amortisation	(584)	(467)
Net book value – opening balance	1,199	1,303
Movements for the year		
Purchases	–	13
Amortisation charges	(118)	(117)
Closing values at 30 June		
Gross book value	1,783	1,783
Accumulated amortisation	(702)	(584)

C1-8 Intangible assets (continued)

Total intangible assets – net book value	1,081	1,199
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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 which has been exercised. Lease payments increase by 3.5% in the extension period.

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
2022			
Opening balance at 1 July	51	735	786
Depreciation charge	(42)	(413)	(455)
Balance at 30 June	9	322	331
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

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	358	–	438	358
Total lease liabilities	358	–	438	358

(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
2022					
Cash flows	372	–	–	372	358
2021					
Cash flows	498	372	–	870	796

(ii) Lease liabilities relating to restricted assets

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

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	60	30
Variable lease payments based on usage not included in the measurement of lease liabilities	13,335	13,268
Depreciation of right of use assets	455	230
Expenses relating to low-value leases	329	274
	14,179	13,802

(e) Statement of Cash Flows

Total cash outflow for leases	14,179	13,802
	14,179	13,802

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.

C2-2 Council as a lessor

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.

C2-2 Council as a lessor (continued)

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	2022	2021
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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)	972	1,047
Total income relating to operating leases for investment property assets	972	1,047

Operating lease expenses

Direct operating expenses that generated rental income	50	63
Total expenses relating to operating leases	50	63

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	2,052	2,210
Total income relating to operating leases for Council assets	2,052	2,210

Other leased assets expenses

Other	199	156
Total expenses relating to other leases assets	199	156

Amount of IPPE leased out by Council under operating leases

Property leases	34,047	28,797
Total amount of IPPE leased out by Council under operating leases	34,047	28,797

(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	1,176	1,614
1–2 years	1,003	1,187
2–3 years	937	1,001
3–4 years	954	956
4–5 years	949	953
> 5 years	92,457	91,398
Total undiscounted lease payments to be received	97,476	97,109

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.

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepaid rates	632	–	497	–
Goods and services – operating expenditure	7,452	–	5,876	–
Accrued expenses:				
– Borrowings	5	–	3	–
– Salaries and wages	1,699	–	1,511	–
– Other expenditure accruals	3,120	–	3,055	–
Security bonds, deposits and retentions	561	–	574	–
Other	3	–	11	–
Total payables	13,472	–	11,527	–

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	222	–	198	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	627	11	561	63
Total grants received in advance		849	11	759	63
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	667	–	594	–
Upfront fees - Planning and building regulation	(iv)	924	189	578	159
Total user fees and charges received in advance		1,591	189	1,172	159
Total contract liabilities		2,440	200	1,931	222

Notes

(i) Council has received funding to remediate a library. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion, 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

C3-2 Contract Liabilities (continued)

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	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	158	282
Operating grants (received prior to performance obligation being satisfied)	613	486
User fees and charges received in advance:		
Upfront fees - leisure centre	594	38
Upfront fees – Planning and building regulation	567	937
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,932	1,743

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured	257	–	242	257
Total borrowings	257	–	242	257

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	499	(242)	–	–	–	–	257
Lease liability (Note C2-1b)	796	(438)	–	–	–	–	358
Total liabilities from financing activities	1,295	(680)	–	–	–	–	615

\$ '000	2020		Non-cash movements				2021
	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

continued on next page ...

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	3,000	3,000
Credit cards/purchase cards	79	41
Total financing arrangements	3,079	3,041
Drawn facilities		
– Credit cards/purchase cards	40	25
Total drawn financing arrangements	40	25
Undrawn facilities		
– Bank overdraft facilities	3,000	3,000
– Credit cards/purchase cards	39	16
Total undrawn financing arrangements	3,039	3,016

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	4,971	–	4,644	–
Sick leave	139	–	210	–
Long service leave	9,555	977	10,398	954
Net liability - defined benefit plan	–	1,134	–	2,184
Other leave	137	–	107	–
Total employee benefit provisions	14,802	2,111	15,359	3,138

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	10,830	11,988
	10,830	11,988

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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 2021. The next actuarial investigation will be performed as at 30 June 2024.

(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	10	(8)	2,182	2,184
Current service cost	2	4	0	6
Net interest on the net defined benefit liability / (asset)	-	-	31	31
Actual return on fund assets less interest income	(8)	(1)	67	58
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	-	-	(995)	(995)
Actuarial (gains) / losses arising from liability experience	30	(7)	89	112
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(10)	(10)	(242)	(262)
Net defined benefit liability / (asset) at end of year	24	(22)	1,132	1,134

(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	422	63	2,602	3,087
Interest income	6	-	39	45
Actual return on fund assets less interest income	8	1	(67)	(58)
Employer contributions	10	10	242	262
Contributions by participants	6	-	-	6
Benefits paid	(470)	(54)	(184)	(708)
Taxes, premiums and expenses paid	(2)	(1)	(15)	(18)
Fair value of the Fund assets at end of the year	(20)	19	2,617	2,616

(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	433	55	4,784	5,272
Current service cost	2	4	-	6
Interest cost	6	1	70	77
Contributions by participants	6	-	-	6
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	-	-	(995)	(995)
Actuarial (gains) / losses arising from liability experience	29	(7)	89	111
Benefits paid	(470)	(54)	(184)	(708)
Taxes, premiums and expenses paid	(2)	(2)	(15)	(19)
Present value of defined benefit obligations at end of the year	4	(3)	3,749	3,750

(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 2022	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Short term securities	5,041	1,855	3,186	-
Australian fixed interest	245	-	245	-
International fixed interest	1,440	4	1415	21
Australian equities	6,519	5,894	623	2
International equities	12,174	12,002	169	3
Property	2,362	-	-	2,362
Alternatives	9,096	-	2,160	6,936
Total	36,877	19,755	7,798	9,324

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

Asset Category	30 June 2022
Short term securities	13.7%
Australian fixed interest	0.7%
International fixed interest	3.9%
Australian equities	17.7%
International equities	33.0%
Property	6.4%
Alternatives	24.6%
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.

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 \$362 million (30 June 2021: \$328 million).

– Health Administration Corporation occupies part of a property 50% owned by the Fund with a fair value (100% interest) of \$540 million (30 June 2021: \$443 million).

(m) Significant actuarial assumptions at 30 June 2022

Assumption	
Discount rate	3.69%
Salary increase rate (excluding promotional increases)	23.15% for 22/23, 3.62% for 23/24, 2.87% for 24/25, 2.74% for 25/26, 3.2% pa thereafter
Rate of CPI increase	4.00% for 21/22; 5.50% for 22/23; 3.00% for 23/24 and 24/25; 2.75% for 25/26 and 26/27; 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 2022 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 2022.

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)	3,749	4,010	3,513

	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)	3,749	4,016	3,505

	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)	3,749	3,749	3,749

	Base Case	Scenario G Lower Mortality*	Scenario H Higher Mortality*
Defined benefit obligation (\$'000)	3,749	3,809	3,711

* Assumes the short-term pensioner mortality improvement factors for years 2022-2026 also apply for years after 2026

** Assumes the long-term pensioner mortality improvement factors for years post 2026 also apply for years 2022 to 2026

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

(o) Asset-liability matching strategies

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

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 2022 financial position of the Fund calculated in accordance with AASB 1056 Superannuation Entities:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits*	-	-	2,478	2,478
Net market value of fund assets	21	(19)	(2,617)	(2,615)
Net (surplus) / deficit	21	(19)	(139)	(137)

*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 2022 AASB 1056 Superannuation Entities are:

Weighted average assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.0%
Expected rate of return on Fund assets backing other liabilities	6.2%
Expected salary increase rate (excluding promotional salary increases)	3.15% for 22/23, 3.62% for 23/24, 2.87% for 24/25, 2.74% for 25/26 and 3.2% pa thereafter
Expected rate of CPI increase	4.8% for 21/22 and 2.5% pa thereafter

t) Expected contributions for 2023	SASS \$'000 Financial Year to 30 June 2023	SANCS \$'000 Financial Year to 30 June 2023	SSS \$'000 Financial Year to 30 June 2023	Total \$'000 Financial Year to 30 June 2023
Expected employer contributions	11	10	241	262

(u) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.8 years.

v) Profit and loss impact	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	2	3	-	5
Net interest	-	-	31	31
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Profit or loss component of the Defined Benefit Cost	2	3	31	36

w) Other comprehensive income	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actual (gains)/losses on liabilities	30	(7)	(906)	(883)
Actual return on Fund assets less interest income	(8)	(1)	67	58
Change in the effect of the asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(22)	(8)	(839)	(825)

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Other provisions				
Provision for land payable	–	–	263	–
Biobanking liability - management actions	95	1,197	104	1,292
Sub-total – other provisions	95	1,197	367	1,292
Asset remediation/restoration:				
Provision for land remediation	4,890	2,111	1,420	–
Sub-total – asset remediation/restoration	4,890	2,111	1,420	–
Total provisions	4,985	3,308	1,787	1,292

Description of and movements in provisions

\$ '000	Other provisions			Total
	Provision for land remediation	Provision for land payable	Biobanking liability - management actions	
2022				
At beginning of year	1,420	263	1,396	3,079
Additional provisions	7,001	–	–	7,001
Payments	(1,420)	(263)	(104)	(1,787)
Total other provisions at end of year	7,001	–	1,292	8,293
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

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.

Provision for land 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. Additionally, Council has resolved to purchase two homes neighbouring this location. Negotiations to purchase these properties are currently underway.

The current year provision is \$7.0m. Of this \$4.5m has been recorded in Materials and services (Note B3-2) and \$0.7m has been recorded in Employee benefits and oncosts (Note B3-1) as operating expenses. The remaining \$1.8m relates to capital work which has been recorded in the balance of Capital work in progress (Note C1-6).

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.

C3-5 Provisions (continued)

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. Non-current provisions have only been discounted where the impact of discounting is material to the financial statements.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

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.

The fair value of assets and liabilities presented below approximates the carrying amount.

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	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,818	2,741
Impact of a 10% movement in price of investments		
– Equity / Income Statement	5,074	5,156

(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.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	2,071	160	2,231
2021				
Gross carrying amount	–	2,047	171	2,218

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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	5,175	2,037	199	32	228	7,671
Amount provided (%)	0.01%	0.02%	0.16%	1.16%	35.21%	1.07%
2021						
Gross carrying amount	4,732	1,073	141	70	202	6,218
Amount provided (%)	0.11%	0.36%	9.93%	0.26%	27.11%	1.25%

(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	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	561	12,542	–	–	13,103	13,472

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
Borrowings	5.89%	–	266	–	–	266	257
Total financial liabilities		561	12,808	–	–	13,369	13,729
2021							
Payables	0.00%	574	10,456	–	–	11,030	11,527
Borrowings	5.89%	–	266	266	–	532	499
Total financial liabilities		574	10,722	266	–	11,562	12,026

Loan agreement breaches

No breaches to loan agreements have occurred during the year.

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- 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).

D2-1 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 2022.

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 30 June 2022.

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.

Community and operational land were last remeasured to fair value at 30 June 2021 and 30 June 2022, respectively.

D2-1 Fair value measurement (continued)

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.

The Roads, Bridges and Footpaths asset classes have been revalued at 30 June 2022 using an indexation factor sourced from the Australian Bureau of Statistics. The Stormwater drainage asset class has been revalued at 30 June 2022 using an indexation factor sourced from the NSW Department of Planning and Environment. A full revaluation for these asset classes will be completed in the following financial year.

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:

	2022 (\$'000)	2021 (\$'000)
Balance at 1 July	1,351,334	1,354,524
Purchases	-	-
Carrying value of assets sold/disposed	(3,067)	(5,420)
Depreciation	(14,709)	(14,448)
Impairment loss	-	(2,045)
WIP transfers	19,498	24,319
Dedications	-	634
Revaluation decrements	-	(7,253)
Revaluation increments	103,093	-
Adjustments and transfers	(1,800)	1,023
Other movements	-	-
Balance at 30 June	1,454,349	1,351,334

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

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 2022 is \$8,005k.

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 31 December 2021 and \$20 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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 2022 was \$789,985. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2021.

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

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

Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

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

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

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

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

(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 (refer to Note C3-5) for ongoing environmental remediation works at Foxglove Oval in Mount Colah. Additionally, Council has resolved to purchase two homes neighbouring this location. Negotiations to purchase these properties are currently underway.

Council does not currently operate any other 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

E1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term Benefits		
Salaries and other short-term benefits	2,256	2,212
Post-employment Benefits		
Superannuation – Senior Staff	180	167
Other Long-term Benefits		
Long service leave entitlements	65	64
Total	2,501	2,443

E1-1 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		Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000							
2022							
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.	-	-
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.	-	-

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	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	70	69
Councillors' fees	251	258
Other Councillors' expenses (including Mayor)	21	15
Total	342	342

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
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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

	128	118
Total audit fees	128	118

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	23,544	19,087
Add / (less) non-cash items:		
Depreciation and amortisation	20,461	19,866
(Gain) / loss on disposal of assets	2,586	4,997
Non-cash capital grants and contributions	(811)	(2,230)
Defined benefit pension adjustments	825	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'	1,445	(1,803)
– Investment property	(630)	(97)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	2,045
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,655)	(2,225)
Increase / (decrease) in provision for impairment of receivables	3	1
(Increase) / decrease of inventories	(5)	(9)
(Increase) / decrease of other current assets	(89)	(84)
(Increase) / decrease of contract asset	13	(80)
Increase / (decrease) in payables	1,576	(663)
Increase / (decrease) in accrued interest payable	2	3
Increase / (decrease) in other accrued expenses payable	1,474	310
Increase / (decrease) in other liabilities	114	(1)
Increase / (decrease) in contract liabilities	487	36
Increase / (decrease) in employee benefit provision	(1,584)	(206)
Increase / (decrease) in other provisions	5,214	1,245
Net cash flows from operating activities	52,970	41,133

(b) Non-cash investing and financing activities

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

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
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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)	5,154	383
Buildings (specialised - libraries & community centres)	1,884	1,020
Foreshore facilities	136	1,404
Hornsby Quarry	25,013	347
Infrastructure – Roads & Drainage	5,217	2,698
Land improvements	3,688	2,565
Plant and equipment	1,098	325
Westleigh Park	1,779	1,636
Total commitments	43,969	10,378

These expenditures are payable as follows:

Within the next year	43,969	10,378
Total payable	43,969	10,378

Sources for funding of capital commitments:

Unrestricted general funds	4,729	360
Externally restricted reserves	39,075	9,204
Internally restricted reserves	165	814
Total sources of funding	43,969	10,378

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 2022

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
Roads	4,829	339	25	(403)	4,790	-
Open space	42,401	2,811	202	(5,974)	39,440	-
Community facilities	29,457	1,326	153	(1,461)	29,475	-
Plan administration	455	20	2	(28)	449	-
Transfer to Old Plan	-	-	-	-	-	-
S7.11 contributions – under a plan	77,142	4,496	382	(7,866)	74,154	-
S7.12 levies – under a plan	4,970	2,456	28	(206)	7,248	-
Total S7.11 and S7.12 revenue under plans	82,112	6,952	410	(8,072)	81,402	-
Total contributions	82,112	6,952	410	(8,072)	81,402	-

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 2021	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
CONTRIBUTION PLAN NUMBER 1 (2012 to 2021)						
Roads	4,829	339	25	(403)	4,790	-
Open space	42,401	2,811	202	(5,974)	39,440	-
Community facilities	29,457	1,326	153	(1,461)	29,475	-
Plan administration	455	20	2	(28)	449	-
Total	77,142	4,496	382	(7,866)	74,154	-

continued on next page ...

F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
S7.12 Levies – under a plan						
2012 - 2021	4,970	2,456	28	(206)	7,248	-
Other						
Total	4,970	2,456	28	(206)	7,248	-

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 20212020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(2,646)	(1.89)%	3.82%	5.32%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	139,639				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	124,825	73.76%	80.89%	86.59%	> 60.00%
Total continuing operating revenue ¹	169,240				
3. Unrestricted current ratio					
Current assets less all external restrictions	112,809	6.40x	6.45x	7.02x	> 1.50x
Current liabilities less specific purpose liabilities	17,623				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	17,899	23.43x	38.16x	29.35x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	764				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,423	2.29%	2.34%	2.32%	< 5.00%
Rates and annual charges collectable	105,688				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	224,904	21.57 months	22.70 months	24.84 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	10,427				

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

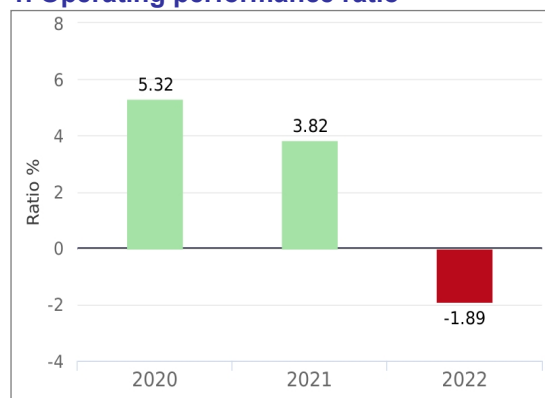
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

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 2021/22 result

2021/22 ratio (1.89)%

This ratio has reduced as a result of Council's operating loss for the year.

Materials and Services expenses have increased from \$59.2m to \$70.1m in the current year. Included in this value is a \$4.5m environmental remediation provision relating to Foxglove Oval at Mt Colah (Note C3-5) and \$3.6M relating to unexpected asbestos remediation work at Wiseman's Ferry Pontoon.

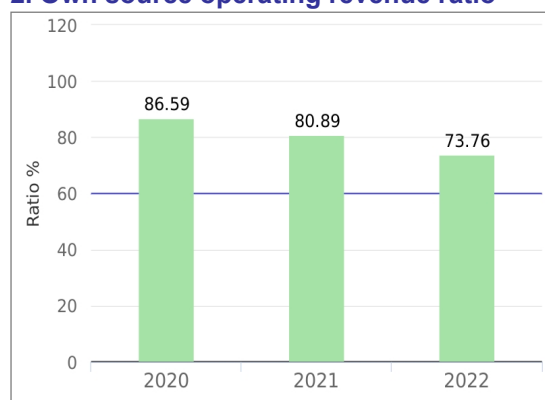
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 73.76%

This ratio has decreased because income from grants and developer contributions has increased from \$29.9m in the prior year to \$44.4m in the current year. Large grant revenue in the current year includes \$11.4m from the Stronger Communities Fund grant relating to Mark Taylor Oval, mountain bike trail construction and maintenance, Westleigh Park and Ron Payne Reserve.

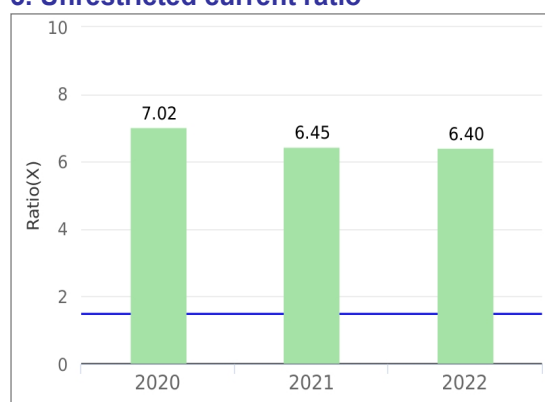
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.40x

Whilst the Unrestricted current ratio has slightly decreased from the prior year the ratio remains well above the benchmark and shows Council's ability to satisfy its short term obligations.

Benchmark: — > 1.50x

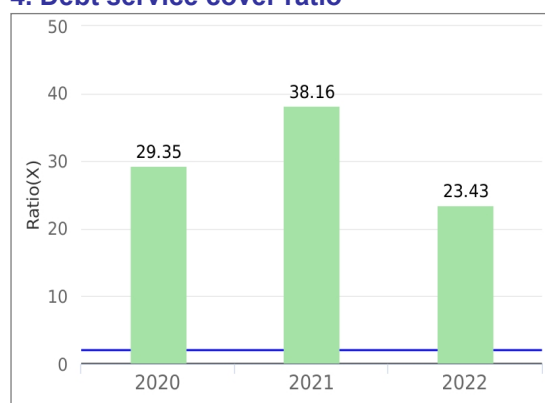
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 23.43x

This ratio has decreased from the prior year as a result of a decrease in Council's operating result before capital items. Regardless, the result is positive - no new loans have been entered into and Council's level of outstanding debt continues to reduce. Total outstanding debt is currently \$0.25m. This is expected to be fully repaid within the next year.

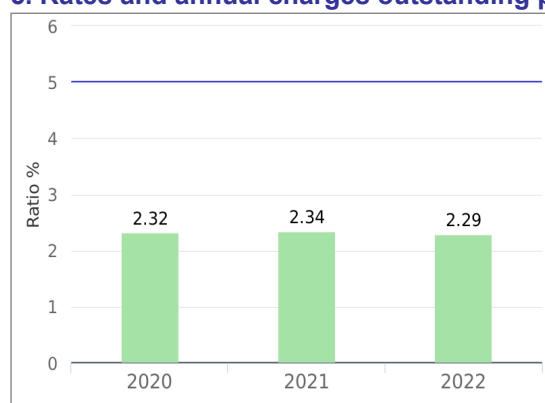
Benchmark: — > 2.00x

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 2021/22 result

2021/22 ratio 2.29%

This ratio is comparable to the prior year. The ratio remains well below the benchmark.

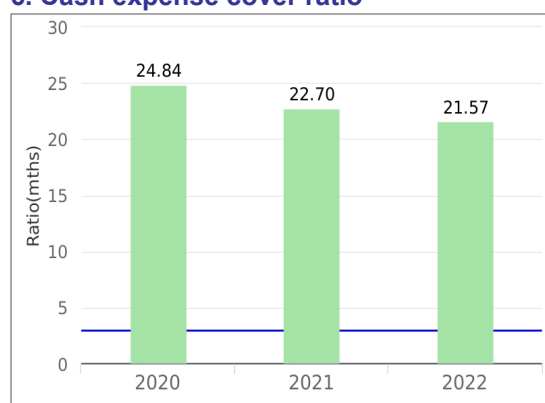
Benchmark: — < 5.00%

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 2021/22 result

2021/22 ratio 21.57 months

This ratio has decreased slightly from the prior year. The ratio is currently well above the benchmark indicating that Council is in a strong position to meet its cash flow requirements.

Benchmark: — > 3.00months

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 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 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

27 October 2022
SYDNEY



Mayor
Hornsby Shire Council
PO BOX 37
HORNSBY NSW 2077

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2221992/1741

27 October 2022

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Hornsby Shire Council (Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on Council's GPFS.

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	103.1	100.7	↑ 2.4
Grants and contributions revenue	44.4	29.9	↑ 48.5
Operating result from continuing operations	23.5	19.1	↑ 23.0
Net operating result before capital grants and contributions	(6.1)	0.1	↓ 6200

Rates and annual charges revenue (\$103.1 million) increased by \$2.4 million (2.4 per cent) in 2021–22 due to rate peg increase of 2.0 per cent.

Grants and contributions revenue (\$44.4 million) increased by \$14.5 million (48.5 per cent) in 2021–22 mainly due to:

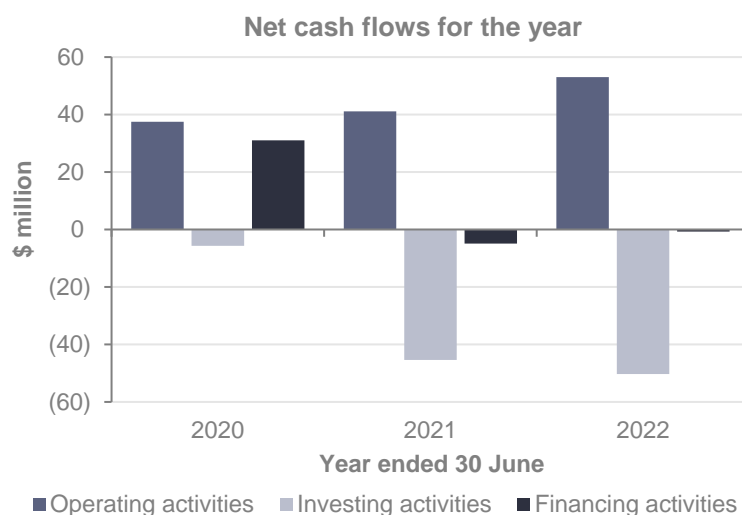
- \$8.0 million increase in revenue from Stronger Communities Fund grants
- receiving 75 per cent of financial assistance grants in advance (50 per cent in 2020–21)
- \$2.0 million increase in revenue from specific purpose operating grants
- \$2.6 million increase in revenue from developer contribution.

Council's operating result from continuing operations (\$23.5 million including depreciation and amortisation expense of \$20.5 million) was \$4.4 million higher than the 2020–21 result. This was mainly due to revenue increases outlined above offset by \$5.8 million increase in operating expenses.

The net operating result before capital grants and contributions (loss of \$6.1 million) is impacted by the increase in materials and services expenses.

STATEMENT OF CASH FLOWS

Cash balances have increased due to the early receipt of 2023 grants including the financial assistance grant and emergency services levy. Net cash used in investing activities increased in the current year and net cash in financing activities was static.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	302.9	296.6	Externally restricted balances mainly comprise developer contributions, Stronger Communities Fund and specific purpose unexpended grants.
Restricted and allocated cash, cash equivalents and investments:			Balances are deemed internal allocations due to Council policy or decisions for forward plans including works program.
• external restrictions	200.6	195.5	
• internal allocations	82.4	82.2	

Debt

At 30 June 2022, Council had:

- \$0.3 million in secured loans (\$0.5 million in 2020–21)
- \$3.0 million approved bank overdraft with nil drawn down.

PERFORMANCE

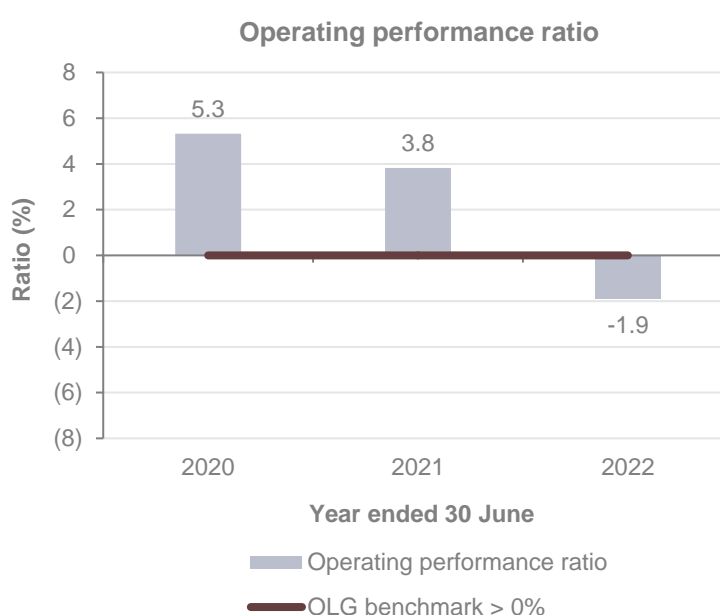
Performance measures

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

Operating performance ratio

Council did not meet the benchmark for the current financial year due to impact of COVID on user fees and charges income and higher remediation costs.

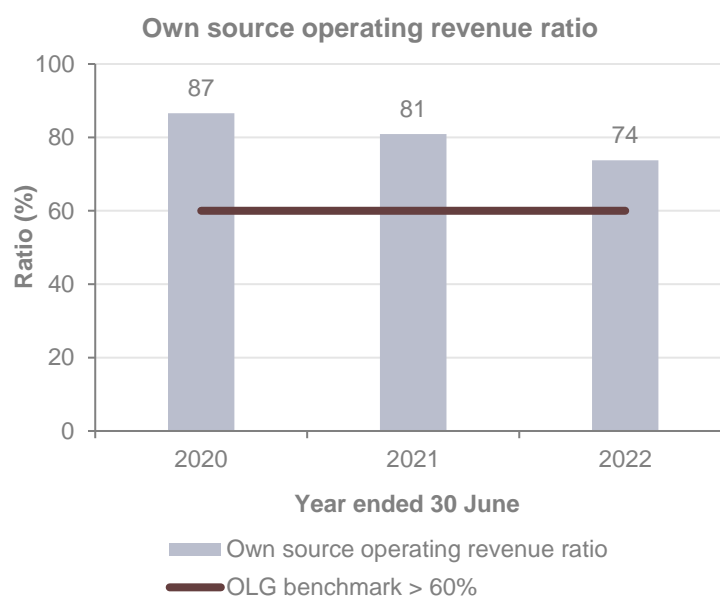
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council continued to exceed the benchmark for the current financial year.

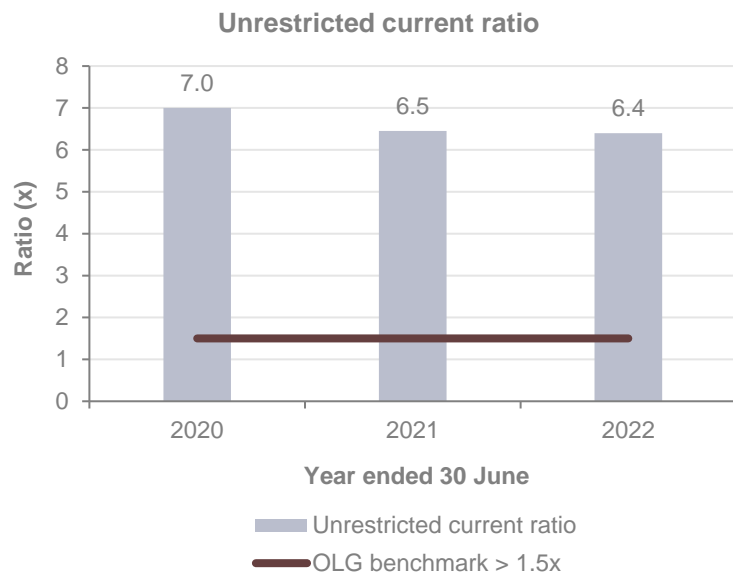
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continued to exceed the benchmark for the current financial year.

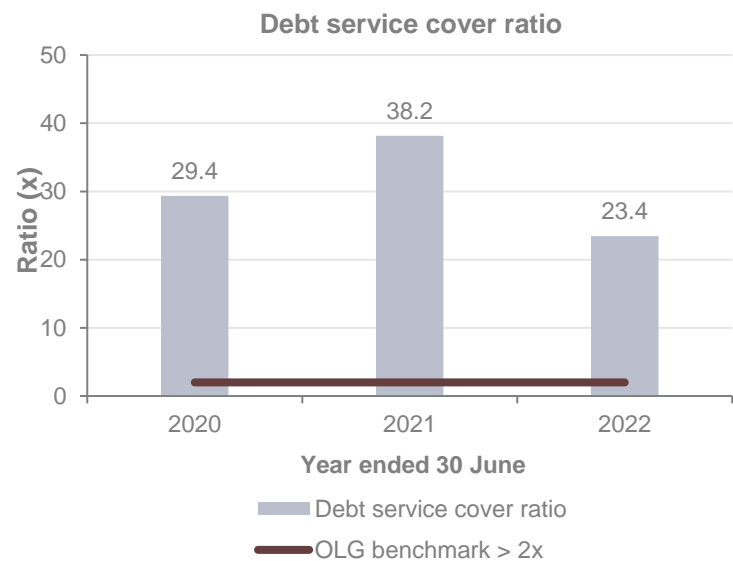
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to exceed the benchmark for the current financial year. This reflects Council's low level of debt.

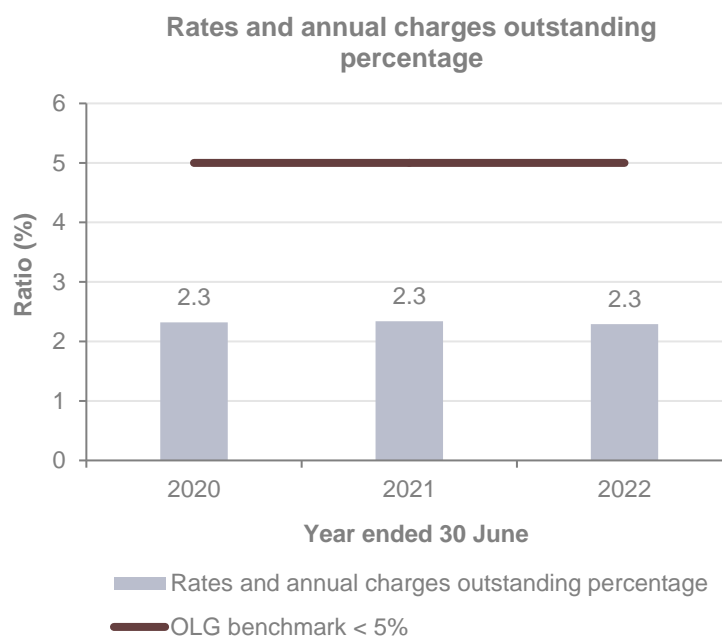
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continued to meet the benchmark for the current financial year.

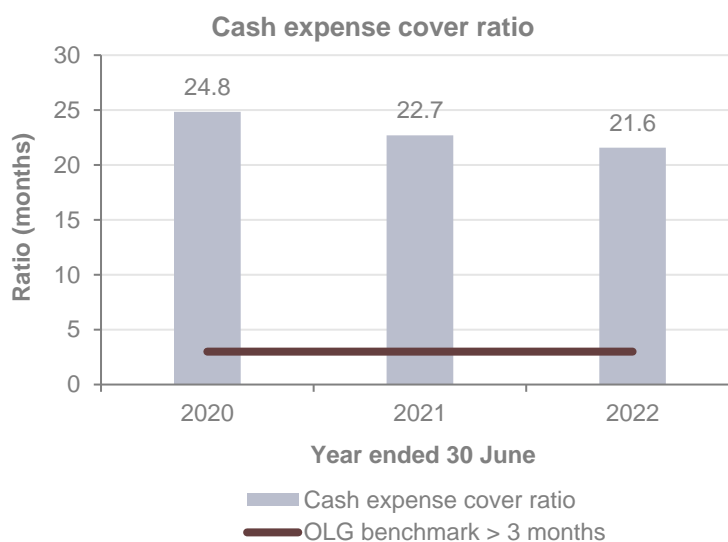
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

Council continued to exceed the benchmark for the current financial year.

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 \$24.3 million in 2021–22 (\$21.9 million in 2020–21)
- during 2021–22 new asset additions were \$20.3 million (\$15.3 million in 2020–21).

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 SCHEDULES
for the year ended 30 June 2022



Hornsby Shire Council

Special Schedules

for the year ended 30 June 2022

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

Hornsby Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	72,419	74,027
Plus or minus adjustments ²	b	164	170
Notional general income	c = a + b	72,583	74,197
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.28%
Or plus rate peg amount	i = e x (c + g)	1,452	1,692
Sub-total	k = (c + g + h + i + j)	74,035	75,889
Plus (or minus) last year's carry forward total	l	1	2
Less valuation objections claimed in the previous year	m	(7)	—
Sub-total	n = (l + m)	(6)	2
Total permissible income	o = k + n	74,029	75,891
Less notional general income yield	p	74,027	75,889
Catch-up or (excess) result	q = o – p	2	1
Carry forward to next year ⁶	t = q + r + s	2	1

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

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 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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

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

27 October 2022
SYDNEY

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard			Estimated cost to bring the assets agreed level of service set by Council		2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	2021/22 Required maintenance ^a	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Libraries	60	60	60	206	177	14,845	17,209		41.0%	0.0%	56.7%	2.3%	0.0%
	Amenities	1,991	16,500	820	820	44	22,897	35,439		13.8%	16.2%	54.4%	14.6%	1.0%
	Commercial/Residential Buildings	2,592	—	610	610	320	12,767	30,292		0.8%	0.0%	60.4%	35.0%	3.8%
	Rural Fire Service Buildings	585	585	450	450	429	12,014	18,160		0.0%	7.5%	84.6%	7.9%	0.0%
	Indoor Sports Stadium	—	—	192	192	202	10,401	12,976		0.0%	0.0%	100.0%	0.0%	0.0%
	Council Offices /Administration Centres	—	—	324	324	340	14,187	23,294		0.0%	0.0%	33.3%	66.7%	0.0%
	Council Works Depot	640	—	370	370	454	5,409	11,474		0.0%	65.5%	32.3%	2.2%	0.0%
	Council Public Halls	250	250	814	814	974	33,659	53,764		0.0%	10.8%	79.7%	7.6%	2.0%
	Sub-total	6,118	17,395	3,786	3,786	2,940	129,799	202,608		6.0%	10.1%	64.1%	18.5%	1.3%
Other structures	Other structures	—	—	10	10	10	12,967	25,737		20.0%	45.0%	22.0%	7.0%	6.0%
	Wharves, Pontoons & Seawalls	759	759	319	319	120	2,033	3,506		25.0%	42.0%	13.0%	20.0%	0.0%
	Sub-total	759	759	329	329	130	15,000	29,243		20.6%	44.6%	20.9%	8.6%	5.3%
Roads	Sealed Road	2,500	2,500	1,040	1,040	932	295,213	350,703		15.0%	25.0%	45.0%	10.0%	5.0%
	Unsealed roads	179	179	240	240	63	6	3,206		21.6%	0.0%	78.4%	0.0%	0.0%
	Bridges	—	—	20	20	50	15,348	18,889		93.0%	3.8%	3.2%	0.0%	0.0%
	Footpaths	200	200	500	500	498	37,623	58,627		1.2%	7.7%	65.1%	25.7%	0.3%
	Traffic Facilities	67	67	68	68	1	8,269	9,810		4.8%	81.8%	11.3%	2.1%	0.0%
	Signs	10	10	67	67	57	5,000	5,000		66.5%	0.1%	32.4%	0.0%	1.0%
	Traffic Barrier Fencing	22	22	22	22	—	2,758	3,816		38.0%	60.0%	2.1%	0.0%	0.0%
	Car Parks	206	206	20	20	14	1,293	2,311		2.3%	0.0%	73.1%	24.6%	0.0%
	Cycle ways	—	—	—	—	7	504	832		100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and Gutter	29	29	190	190	161	42,667	67,729		0.5%	4.6%	94.6%	0.3%	0.0%
	Sub-total	3,213	3,213	2,167	2,167	1,783	488,140	600,382		13.0%	17.7%	57.8%	8.5%	3.0%
Stormwater drainage	Pipes	498	498	621	621	563	349,145	455,218		13.9%	75.6%	10.4%	0.1%	0.0%
	Culverts	30	30	41	41	37	22,816	27,078		0.0%	89.4%	10.6%	0.0%	0.0%
	Head Walls	—	—	—	—	—	307	315		100.0%	0.0%	0.0%	0.0%	0.0%
	Channels	3	3	4	4	4	2,399	3,175		1.7%	83.3%	15.0%	0.0%	0.0%
	Pits	91	91	116	116	104	64,793	83,434		33.6%	57.6%	8.6%	0.2%	0.0%
	Sub-total	622	622	782	782	708	455,702	569,220		16.1%	73.6%	10.2%	0.1%	0.0%

Hornsby Shire Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		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	6,078	6,078	311	327	25,503	30,733	0.0%	0.0%	100.0%	0.0%	0.0%
	Sub-total	6,078	6,078	311	327	25,503	30,733	0.0%	0.0%	100.0%	0.0%	0.0%
	Total – all assets	16,790	28,067	7,375	5,888	1,114,303	1,432,186	13.1%	39.0%	39.9%	6.4%	1.5%

(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 2022

Infrastructure asset performance indicators (consolidated) *

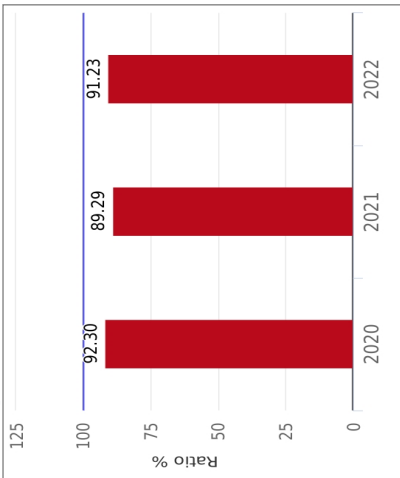
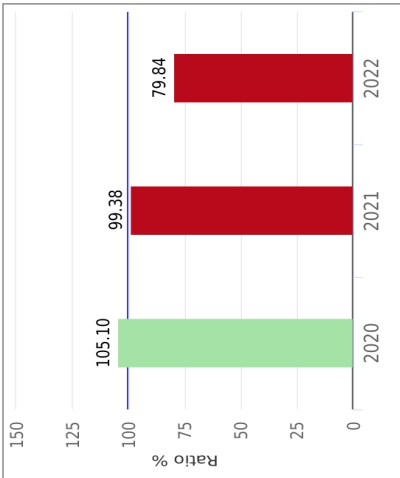
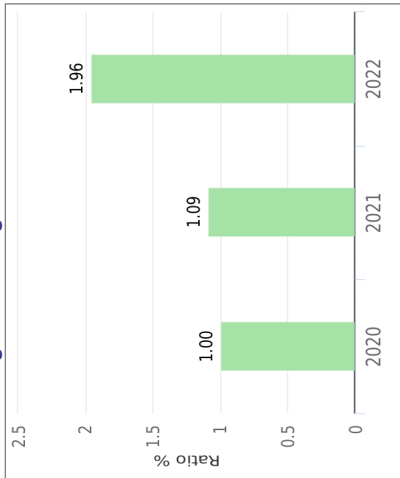
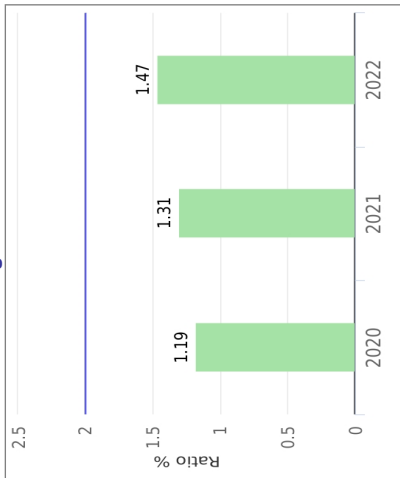
\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	14,171	91.23%	89.29%	92.30%	>= 100.00%
Depreciation, amortisation and impairment	15,533				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	16,790	1.47%	1.31%	1.19%	< 2.00%
Net carrying amount of infrastructure assets	1,141,534				
Asset maintenance ratio					
Actual asset maintenance	5,888	79.84%	99.38%	105.10%	> 100.00%
Required asset maintenance	7,375				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	28,067	1.96%	1.09%	1.00%	
Gross replacement cost	1,432,186				

(*) 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 2022

Buildings and infrastructure renewals ratio		Asset maintenance ratio		Cost to bring assets to agreed service level																																		
 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2020</td><td>92.30</td></tr><tr><td>2021</td><td>89.29</td></tr><tr><td>2022</td><td>91.23</td></tr></table>	Year	Ratio %	2020	92.30	2021	89.29	2022	91.23	Buildings and infrastructure renewals ratio	 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2020</td><td>105.10</td></tr><tr><td>2021</td><td>99.38</td></tr><tr><td>2022</td><td>79.84</td></tr></table>	Year	Ratio %	2020	105.10	2021	99.38	2022	79.84	Cost to bring assets to agreed service level	 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2020</td><td>1.00</td></tr><tr><td>2021</td><td>1.09</td></tr><tr><td>2022</td><td>1.96</td></tr></table>	Year	Ratio %	2020	1.00	2021	1.09	2022	1.96	Infrastructure backlog ratio	 <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2020</td><td>1.19</td></tr><tr><td>2021</td><td>1.31</td></tr><tr><td>2022</td><td>1.47</td></tr></table>	Year	Ratio %	2020	1.19	2021	1.31	2022	1.47
Year	Ratio %																																					
2020	92.30																																					
2021	89.29																																					
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2022	1.96																																					
Year	Ratio %																																					
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2021	1.31																																					
2022	1.47																																					
Commentary on result		Commentary on result		Commentary on result																																		
21/22 ratio 91.23%		21/22 ratio 79.84%		21/22 ratio 1.96%																																		
The ratio remains below the benchmark. Council's adopted Asset Management Strategy has identified a funding gap between available budgets and required levels of asset renewal due to increasing costs. This funding gap has been included in Council's Long Term Financial Plan for consideration.		The ratio has declined due to delayed work schedules from the COVID-19 pandemic that led to reduced maintenance expenditure. Council's recently revised Asset Management Plans and Asset Management Strategy have also identified a funding gap between available budgets and required levels of maintenance. This funding gap has been included in Council's Long Term Financial Plan for consideration.		The ratio has increased in part due to cost increases included in Council's recently adopted Asset Management Strategy. The desired level of service for public amenity buildings has also increased following the results of community surveys. Funding to increase service levels to the standard desired by the community has been included in Council's Long Term Financial Plan.																																		
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.		Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.		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.																																		
Ratio achieves benchmark		Ratio achieves benchmark		Ratio achieves benchmark																																		
Ratio is outside benchmark		Ratio is outside benchmark		Ratio is outside benchmark																																		
Source of benchmark: Code of Accounting Practice and Financial Reporting		Source of benchmark: Code of Accounting Practice and Financial Reporting		Source of benchmark: Code of Accounting Practice and Financial Reporting																																		

