

30 JUNE 2024

FINANCIAL STATEMENTS

AND ASSOCIATED SPECIAL SCHEDULES

Hornsby Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024



Hornsby Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Hornsby Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

- the *Local Government Act 1993 (NSW)* 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.

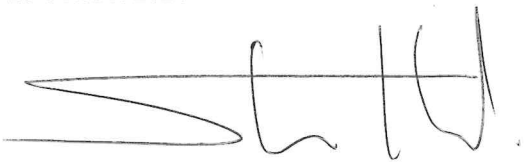
Signed in accordance with a resolution of Council made on 23 October 2024.



W. Waddell
Mayor
23 October 2024



V. Greenwood
Councillor
23 October 2024



S. Head
General Manager
23 October 2024



D. Chell
Responsible Accounting Officer
23 October 2024

Hornsby Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
115,907	Rates and annual charges	B2-1	116,643	110,058
14,748	User charges and fees	B2-2	14,762	15,521
3,963	Other revenues	B2-3	4,179	4,409
9,161	Grants and contributions provided for operating purposes	B2-4	10,642	20,765
18,160	Grants and contributions provided for capital purposes	B2-4	(22,203)	27,107
8,999	Interest and investment income	B2-5	12,970	9,261
4,104	Other income	B2-6	5,759	4,821
1,000	Net gain from the disposal of assets	B4-1	–	–
176,042	Total income from continuing operations		142,752	191,942
Expenses from continuing operations				
56,692	Employee benefits and on-costs	B3-1	54,031	50,157
71,638	Materials and services	B3-2	82,222	67,250
16	Borrowing costs	B3-3	16	28
22,131	Depreciation, amortisation and impairment of non-financial assets	B3-4	25,107	23,416
4,247	Other expenses	B3-5	4,813	4,190
–	Net loss from the disposal of assets	B4-1	4,560	2,152
154,724	Total expenses from continuing operations		170,749	147,193
21,318	Operating result from continuing operations		(27,997)	44,749
21,318	Net operating result for the year attributable to Council		(27,997)	44,749
3,158	Net operating result for the year before grants and contributions provided for capital purposes		(5,794)	17,642

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 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		(27,997)	44,749
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-5	115,887	313,093
Gain/(loss) on defined benefit plan re-measurements	C3-4	50	232
Total items which will not be reclassified subsequently to the operating result		115,937	313,325
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		266	426
Total items which will be reclassified subsequently to the operating result when specific conditions are met		266	426
Total other comprehensive income for the year		116,203	313,751
Total comprehensive income for the year attributable to Council		88,206	358,500

Hornsby Shire Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	60,080	40,083
Investments	C1-2	56,499	185,965
Receivables	C1-4	17,167	12,542
Inventories		191	181
Contract assets and contract cost assets		64	–
Other		1,323	940
Total current assets		135,324	239,711
Non-current assets			
Investments	C1-2	160,097	75,524
Receivables	C1-4	987	1,149
Infrastructure, property, plant and equipment (IPPE)	C1-5	2,237,754	2,081,579
Investment property	C1-6	36,790	31,660
Intangible assets	C1-7	883	1,013
Right of use assets	C2-1	356	357
Total non-current assets		2,436,867	2,191,282
Total assets		2,572,191	2,430,993
LIABILITIES			
Current liabilities			
Payables	C3-1	13,877	18,212
Contract liabilities	C3-2	2,658	2,429
Lease liabilities	C2-1	80	360
Employee benefit provisions	C3-4	14,795	14,421
Provisions	C3-5	44,488	5,678
Total current liabilities		75,898	41,100
Non-current liabilities			
Contract liabilities	C3-2	577	164
Lease liabilities	C2-1	275	–
Employee benefit provisions	C3-4	1,509	1,630
Provisions	C3-5	18,709	1,082
Total non-current liabilities		21,070	2,876
Total liabilities		96,968	43,976
Net assets		2,475,223	2,387,017
EQUITY			
Accumulated surplus		1,324,321	1,352,495
IPPE revaluation reserve		1,150,938	1,034,824
Other reserves		(36)	(302)
Council equity interest		2,475,223	2,387,017
Total equity		2,475,223	2,387,017

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 2024

\$ '000	Notes	2024				2023			
		Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity
Opening balance at 1 July		1,352,495	1,034,824	(302)	2,387,017	1,306,412	722,833	(728)	2,028,517
Opening balance		1,352,495	1,034,824	(302)	2,387,017	1,306,412	722,833	(728)	2,028,517
Net operating result for the year		(27,997)	–	–	(27,997)	44,749	–	–	44,749
Net operating result for the period		(27,997)	–	–	(27,997)	44,749	–	–	44,749
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	115,887	–	115,887	–	313,093	–	313,093
Realised (gain) loss on financial assets at fair value through other comprehensive income		–	–	266	266	–	–	426	426
– Impairment (loss) relating to infrastructure, property, plant and equipment	C1-5	–	–	–	–	–	–	–	–
– Disposal of infrastructure, property, plant and equipment		(227)	227	–	–	1,102	(1,102)	–	–
– Defined benefit plan re-measurements for the year		50	–	–	50	232	–	–	232
Total comprehensive income		(28,174)	116,114	266	88,206	46,083	311,991	426	358,500
Closing balance at 30 June		1,324,321	1,150,938	(36)	2,475,223	1,352,495	1,034,824	(302)	2,387,017

Hornsby Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
Receipts:				
116,128	Rates and annual charges		116,752	109,544
15,101	User charges and fees		16,542	15,004
10,564	Interest received		9,510	8,584
26,321	Grants and contributions		21,900	42,668
19,341	Other		21,965	18,947
Payments:				
(56,239)	Payments to employees		(53,872)	(50,542)
(82,694)	Payments for materials and services		(83,807)	(76,153)
(6)	Borrowing costs		(16)	(33)
–	Bonds, deposits and retentions refunded		(3)	(34)
(10,070)	Other		(5,296)	(3,970)
38,446	Net cash flows from operating activities	F1-1	43,675	64,015
Cash flows from investing activities				
Receipts:				
19,049	Sale of investments		168,131	195,531
1,000	Proceeds from sale of IPPE		1,202	944
Payments:				
–	Purchase of investments		(121,550)	(200,221)
–	Purchase of investment property		(2,175)	(2,207)
(91,864)	Payments for IPPE		(68,925)	(64,971)
–	Purchase of intangible assets		–	(58)
(71,815)	Net cash flows from investing activities		(23,317)	(70,982)
Cash flows from financing activities				
Payments:				
–	Repayment of borrowings		–	(257)
(395)	Principal component of lease payments		(361)	(456)
(395)	Net cash flows from financing activities		(361)	(713)
(33,764)	Net change in cash and cash equivalents		19,997	(7,680)
40,083	Cash and cash equivalents at beginning of year		40,083	47,763
6,319	Cash and cash equivalents at end of year	C1-1	60,080	40,083
242,440	plus: Investments on hand at end of year	C1-2	216,596	261,489
248,759	Total cash, cash equivalents and investments		276,676	301,572

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

Hornsby Shire Council

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Hornsby Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 9 October 2024. 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 material accounting policy information related to 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 2021* (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)
- (v) provision for property acquisitions (Note C3-5)
- (vi) provision for repayment of grant funds (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.

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.

A1-1 Basis of preparation (continued)

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 10,486 hours of volunteer services during the year ended 30 June 2024 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 \$493K, 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 have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023. It is not anticipated that the adoption of Australian Accounting Standards issued but not yet effective will materially impact the financial statements of Council.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use

A1-1 Basis of preparation (continued)

(b) financially feasible uses

(c) use of assumptions

(d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted. Council does not expect any material impact from this standard.

New accounting standards adopted during the year

The following new standard is effective for the first time at 30 June 2024:

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

This AAS amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendment has led to a reduction of accounting policy information being disclosed by the council.

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
General Managers Division	408	519	9,508	8,955	(9,100)	(8,436)	367	450	25	27
Corporate Support	10,177	11,359	45,123	34,257	(34,946)	(22,898)	908	3,583	396,065	410,460
Infrastructure & Major Projects	(18,223)	26,666	31,001	24,428	(49,224)	2,238	(25,513)	19,233	1,331,954	1,231,769
Community & Environment	46,758	53,473	71,100	66,993	(24,342)	(13,520)	3,426	10,705	828,330	772,425
Planning	9,940	13,268	14,017	12,560	(4,077)	708	4,067	7,219	1,096	989
General Purpose Income	93,692	86,657	-	-	93,692	86,657	5,184	6,682	-	-
Other	-	-	-	-	-	-	-	-	14,721	15,323
Total functions and activities	142,752	191,942	170,749	147,193	(27,997)	44,749	(11,561)	47,872	2,572,191	2,430,993

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	2024	2023
Ordinary rates		
Residential	68,443	63,277
Farmland	695	636
Business	7,995	7,360
Major shopping centre	1,390	1,279
Less: pensioner rebates	(860)	(839)
Rates levied to ratepayers	77,663	71,713
Pensioner rate subsidies received	470	453
Total ordinary rates	78,133	72,166
Special rates		
Catchment remediation rate	3,926	3,346
Less: pensioner rebates	(66)	(39)
Rates levied to ratepayers	3,860	3,307
Pensioner rate subsidies received:		
– Other	23	21
Total special rates	3,883	3,328
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	34,943	34,681
Section 611 charges	64	66
Less: pensioner rebates	(589)	(401)
Annual charges levied	34,418	34,346
Pensioner annual charges subsidies received:		
– Domestic waste management	209	218
Total annual charges	34,627	34,564
Total rates and annual charges	116,643	110,058

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

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.

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Waste management services (non-domestic)	1,985	2,030
Sullage	20	29
Total specific user charges	2,005	2,059
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Inspection services	601	606
Planning and building regulation	3,418	3,771

continued on next page ...

B2-2 User charges and fees (continued)

\$ '000	2024	2023
Registration fees	109	126
Regulatory fees	320	362
Total fees and charges – statutory/regulatory	4,448	4,865
(ii) Fees and charges – other (incl. general user charges (per s608))		
Community centres	888	862
Parking fees	257	226
Restoration charges	512	1,304
Swimming centres - term fees	3,463	3,081
Swimming centres - single admission fees	1,008	917
Indoor sports centre stadium	875	850
Library fees and charges	69	61
Park and oval hire fees	1,020	1,046
Credit card surcharges	119	117
Other	98	133
Total fees and charges – other	8,309	8,597
Total other user charges and fees	12,757	13,462
Total user charges and fees	14,762	15,521
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	4,483	4,044
User charges and fees recognised at a point in time	10,279	11,477
Total user charges and fees	14,762	15,521

Material accounting policy information

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	2024	2023
Fines – parking	2,439	2,282
Legal fees recovery – rates and charges (extra charges)	167	136
Diesel rebate	110	–
Recycling income (non-domestic)	60	63
Sales – general	430	462
Legal fees recovery – planning	–	80
Car park management	40	47
Florence mall income	53	80
Home modification	223	263
Insurance claim recoveries, rebates and incentives	205	137
Prosecutions and infringements	239	335
Legal settlements	–	137
Vehicular crossing income	50	105
Other	163	282

B2-3 Other revenues (continued)

\$ '000	2024	2023
Total other revenue	4,179	4,409
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	4,179	4,409
Total other revenue	4,179	4,409

Material accounting policy information 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 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	203	842	–	–
Financial assistance – local roads component	95	371	–	–
Payment in advance - future year allocation				
Financial assistance – general component	3,337	3,735	–	–
Financial assistance – local roads component	1,549	1,735	–	–
Amount recognised as income during current year	5,184	6,683	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Bushfire and emergency services	17	1,107	–	–
Community care	5	35	–	–
Community centres	–	–	–	250
Economic development	–	140	–	–
Employment and training programs	31	51	–	–
Environmental programs	150	444	98	–
Library subsidy	490	485	–	–
Recreation and culture	–	–	1,996	1,074
Street lighting	367	360	–	–
Transport (roads to recovery)	963	780	–	–
Transport (other roads and bridges funding)	767	7,722	6,431	6,622
Aged and disabled	652	719	–	–
Bushland	68	382	–	1,589
Parks and gardens	60	8	342	878
Waste and recycling	–	20	–	–
Aquatic Centres	–	–	–	–
Stronger Communities funding – Westleigh	–	–	(36,302)	–
Other specific grants	145	55	301	78
Previously contributions:				
Employee vehicle contributions	520	519	–	–
Bushfire services	501	492	–	–
Dedications	276	400	–	–
Parks and gardens	–	–	851	5,412
Other contributions	233	229	274	252
Non-cash contributions				

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Bushfire services	–	–	–	1,905
Dedications	–	–	–	2,160
Other councils – joint works/services	213	134	–	–
Total special purpose grants and non-developer contributions (tied)	5,458	14,082	(26,009)	20,220
Total grants and non-developer contributions	10,642	20,765	(26,009)	20,220
Comprising:				
– Commonwealth funding	6,815	8,186	637	1,118
– State funding	1,738	10,365	(27,948)	14,271
– Other funding	2,089	2,214	1,302	4,831
	10,642	20,765	(26,009)	20,220

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F4				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	3,806	6,887
Total developer contributions – cash		–	–	3,806	6,887
Total developer contributions		–	–	3,806	6,887
Total contributions		–	–	3,806	6,887
Total grants and contributions		10,642	20,765	(22,203)	27,107
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		652	583	–	411
Grants and contributions recognised at a point in time		9,990	20,182	(22,203)	26,696
Total grants and contributions		10,642	20,765	(22,203)	27,107

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	16,728	9,630	18,213	17,880
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	6,760	15,799	2,990	11,037
Add: Funds received and not recognised as revenue in the current year	567	673	-	482
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(13,056)	(8,791)	(8,311)	(10,775)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(477)	(583)	-	(411)
Unspent funds at 30 June	10,522	16,728	12,892	18,213

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

Development Contributions

Unspent funds at 1 July	-	-	83,782	81,402
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	8,062	9,775
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(6,204)	(7,395)
Unspent contributions at 30 June	-	-	85,640	83,782

Material accounting policy information

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.

B2-4 Grants and contributions (continued)

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

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	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	189	112
– Cash and investments	12,781	9,149
Total interest and investment income (losses)	12,970	9,261

B2-6 Other income

\$ '000	Notes	2024	2023
Fair value increment on investment properties			
Fair value (decrement)/increment on investment properties		795	(257)
Total fair value increment on investment properties	C1-6	795	(257)
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,009	1,139
Total Investment properties		1,009	1,139
Other lease income			
Properties classified as IPPE		2,533	2,659
Total other lease income		2,533	2,659
Total rental income	C2-2	3,542	3,798
Fair value increment on investments			
Fair value increment/(decrement) on investments through profit and loss		1,422	1,280
Total Fair value increment/(decrement) on investments		1,422	1,280
Total other income		5,759	4,821

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	48,605	45,877
Employee leave entitlements (ELE)	1,317	1,044
Superannuation	5,678	5,037
Superannuation – defined benefit plans	22	37
Workers' compensation insurance	940	814
Fringe benefit tax (FBT)	110	141
Other	446	471
Total employee costs	57,118	53,421
Less: capitalised costs	(3,087)	(3,264)
Total employee costs expensed	54,031	50,157
Number of 'full-time equivalent' employees (FTE) at year end	512	483

Material accounting policy information

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	2024	2023
Raw materials and consumables		2,530	2,285
Building maintenance		1,666	999
Bush regeneration		1,592	1,395
Community centres		135	92
Computer support		3,296	2,583
Consultants		2,914	2,468
Contractors - environmental remediation of Foxglove Oval		11,685	6,513
Contractor and agency fees		5,656	2,728
Contracts – electrical		654	565
Contracts – grass cutting		805	709
Contracts – plumbing		605	424
Contracts – property management		214	256
Contracts – tree work		1,010	1,140
Drainage maintenance		706	621
External plant and equipment hire		267	373
Footpath maintenance		297	150
Foreshore facilities		271	218
Garbage collection, tipping and recycling		29,577	26,354
Home modification service		113	132
Maintenance of parks		599	656
Mechanical services		680	661
Property cleaning		1,085	854
Road maintenance		2,279	2,241
Stormwater asset maintenance		953	529

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	Notes	2024	2023
Audit Fees	E2-1	129	122
Internal audit fees		94	–
Advertising		118	133
Councillor and Mayoral fees and associated expenses	E1-2	368	362
Electricity and heating		1,464	1,191
Postage		226	245
Insurance		1,977	1,669
Printing and stationery		526	596
Street lighting		1,890	2,386
Subscriptions and publications		630	703
Telephone and communications		461	642
Valuation fees		363	281
Training costs (other than salaries and wages)		591	502
Bank charges and cash collection expenses		378	404
Licences and registration		326	303
Water and sewerage		862	556
Legal expenses:			
– Legal expenses: planning and development		411	169
– Legal expenses: other		523	554
Expenses from leases of low value assets		167	242
Other		1,129	1,244
Total materials and services		82,222	67,250

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	2024	2023
Interest on leases	16	25
Interest on loans	–	3
Total borrowing costs expensed	16	28

Material accounting policy information

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	2024	2023
Depreciation and amortisation			
Plant and equipment		1,820	1,535
Office equipment		225	147
Furniture and fittings		70	48
Land improvements (depreciable)		2,494	2,195
Infrastructure:	C1-5		
– Buildings – non-specialised		2,599	2,504
– Buildings – specialised		2,227	2,135
– Other structures		1,278	1,181
– Roads		7,101	6,233
– Bridges		368	320
– Footpaths		751	607
– Stormwater drainage		4,306	4,587
– Water supply network		7	7
– Swimming pools		521	434
Right of use assets	C2-1	357	432
Other assets:			
– Catchment remediation assets		366	348
– Library books		465	464
Intangible assets	C1-7	130	126
Total depreciation and amortisation costs		25,085	23,303
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-5		
– Buildings – specialised		22	–
– Other structures		–	113
Total IPPE impairment / revaluation decrement costs charged to Income Statement		22	113
Total depreciation, amortisation and impairment for non-financial assets		25,107	23,416

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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.

B3-5 Other expenses

\$ '000	2024	2023
Impairment of receivables		
Other	48	42
Total impairment of receivables	48	42
Other		

B3-5 Other expenses (continued)

\$ '000	2024	2023
Contributions/levies to other levels of government		
– Department of planning levy	306	295
– Emergency services levy (includes FRNSW, SES, and RFS levies)	698	408
– NSW fire brigade levy	2,315	1,974
– NSW rural fire service levy	1,086	1,086
– NSW state revenue infringement processing fees	313	357
Donations, contributions and assistance to other organisations (Section 356)	47	28
Total other expenses	4,813	4,190

Material accounting policy information

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	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(8)	(377)
Gain (or loss) on disposal		(8)	(377)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-5	1,202	944
Less: carrying amount of plant and equipment assets sold/written off		(687)	(536)
Gain (or loss) on disposal		515	408
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-5	(5,067)	(2,183)
Gain (or loss) on disposal		(5,067)	(2,183)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	168,131	195,531
Less: carrying amount of investments sold/redeemed/matured		(168,131)	(195,531)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(4,560)	(2,152)

Material accounting policy information

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 29 June 2023 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	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	115,907	116,643	736	1%	F
User charges and fees	14,748	14,762	14	0%	F
Other revenues	3,963	4,179	216	5%	F
Operating grants and contributions	9,161	10,642	1,481	16%	F
Revenue from operating grants is greater than budgeted due to grant funding received under the Roads to Recovery program which was \$528k higher than budgeted. In addition to this Council received a number of grants which were unknown at the time of budget preparation including \$158k relating to the Hawkesbury Nepean Coastal Management program, \$150k related to waterway health in the Hornsby town centre area and \$120k related to the Hornsby Spring Street festival.					
Capital grants and contributions	18,160	(22,203)	(40,363)	(222)%	U
Revenue from capital grants is less than budgeted due to a \$36.3m provision for repayment of grant funds (see note C3-5). In addition to this a delay in completing the Brooklyn Boardwalk project has resulted in \$3.8m of grant funds which were budgeted to be received in FY2023/24 not being received. It is expected that these funds will now be received in FY2024/25.					
Interest and investment revenue	8,999	12,970	3,971	44%	F
Interest and investment revenue is greater than budgeted due to a higher than expected cash rate which had a positive impact on returns earned from Council's cash and investment products.					
Net gains from disposal of assets	1,000	-	(1,000)	(100)%	U
The budget is a measure of cashflow 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 in the Financial Statements.					
Other income	4,104	5,759	1,655	40%	F
Other income is greater than budgeted as property rental income was \$647k higher than budgeted. In addition to this Council recognised an increase in the fair value of its investment property portfolio which was \$595k higher than budgeted and an increase in the fair value of its floating rate notes which was \$370k higher than budgeted.					
Expenses					
Employee benefits and on-costs	56,692	54,031	2,661	5%	F
Materials and services	71,638	82,222	(10,584)	(15)%	U
Expenditure on materials and services is greater than budgeted due to the provision for environmental remediation of Foxglove Oval in Mt Colah (see Note C3-5). This provision has increased from the prior year as an environment assessment continues and the scope of work required to remediate the site is determined. In addition to this, \$5.6m of expenses previously recorded as capital work in progress for the Westleigh Park project have been expensed.					
Borrowing costs	16	16	-	0%	F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Depreciation, amortisation and impairment of non-financial assets	22,131	25,107	(2,976)	(13)% U
Depreciation has increased in the current year as a result of revaluations processed at 30 June 2023 to reflect a rise in construction costs since the last revaluation which increased the value of a number of asset classes including Roads, Bridges, Footpaths and Stormwater drainage.				
Other expenses	4,247	4,813	(566)	(13)% U
Expenditure on other expenses is greater than budgeted due to a higher than expected increase in the Emergency Services Levy and NSW Fire Brigade levy.				
Net losses from disposal of assets	–	4,560	(4,560)	∞ 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. As these transactions are non cash there is no allocation within the Annual Budget.				
Statement of cash flows				
Cash flows from operating activities	38,446	43,675	5,229	14% F
Net cash inflows from operating activities is greater than budgeted due to payments to employees being \$2.4m lower than budgeted and other operating cash outflows relating to fire and emergency services levies which have increased \$623k in the current year.				
Cash flows from investing activities	(71,815)	(23,317)	48,498	(68)% F
Net cash flows from investing activities differs to the budget as Council does not budget for the purchase and sale of individual investment securities as the classification and term of investments is only known when an investment is selected, which is largely based on the best return available at the time.				
Cash flows from financing activities	(395)	(361)	34	(9)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	7,971	6,761
Cash equivalent assets		
– Deposits at call	52,109	33,322
Total cash and cash equivalents	60,080	40,083

C1-2 Investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	23,050	122,000	147,631	28,000
Total	23,050	122,000	147,631	28,000
Financial assets at fair value through profit and loss				
Managed funds (medium term)	23,732	–	22,310	–
Total	23,732	–	22,310	–
Financial assets at fair value through other comprehensive income				
Floating rate notes	9,717	38,097	16,024	47,524
Total	9,717	38,097	16,024	47,524
Total investments	56,499	160,097	185,965	75,524

Material accounting policy information

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (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.

C1-2 Investments (continued)

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. These investments are designated as at FVOCI which represent investments that Council intends to hold for long-term strategic purposes. No strategic investments were disposed of during 2024, 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	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	276,676	301,572
Less: Externally restricted cash, cash equivalents and investments	<u>(165,032)</u>	<u>(191,544)</u>
Cash, cash equivalents and investments not subject to external restrictions	111,644	110,028
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	85,640	83,782
Transport for NSW contributions	4,549	4,483
Specific purpose unexpended grants (recognised as revenue) - general fund	22,355	33,783
Specific purpose unexpended grants - general fund	1,059	969
Stronger Communities Funding – Hornsby Quarry	9,785	23,237
Stronger Communities Funding – Westleigh	38,609	39,750
Domestic waste management	961	3,991
Catchment remediation reserve	2,019	1,494
Other	55	55
External restrictions – other	165,032	191,544
Total external restrictions	165,032	191,544

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	2024	2023
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(b) Internal allocations

Internal allocations

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

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

\$ '000	2024	2023
Employees leave entitlements	20,005	16,413
Asset maintenance and renewal	5,696	12,112
Buildings – Wallarobba	930	499
Community centres	121	475
Council strategic capital projects	40,863	41,035
LED street light upgrade	1,186	1,112
Proceeds from asset sales (179 Beecroft Road)	325	1,196
Galston Public Domain	6,975	7,085
Property acquisitions	2,465	–
SRV Strategic Initiatives	5,580	–
Other	4,591	3,943
Total internal allocations	88,737	83,870

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

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	22,907	26,158

C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	2,343	324	2,371	330
Interest and extra charges	234	–	194	–
User charges and fees	111	–	159	–
Accrued revenues				
– Interest on investments	4,880	–	1,460	–
– Other income accruals	419	–	157	–
Government grants and subsidies	5,112	–	300	–
Net GST receivable	1,775	–	2,090	–
Property receivable	–	–	2,160	–
Biobanking - management payments receivable	689	663	725	819
Facility hire	1,065	–	645	–
Fines and penalties	26	–	37	–
Licencing	175	–	147	–
Property rentals	199	–	569	–
Restorations	68	–	956	–
Sullage	15	–	15	–
Other debtors	80	–	649	–
Total	17,191	987	12,634	1,149
Less: provision for impairment				
Other debtors	(24)	–	(92)	–
Total provision for impairment – receivables	(24)	–	(92)	–
Total net receivables	17,167	987	12,542	1,149

Material accounting policy information

C1-4 Receivables (continued)

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.

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 recognised on an expected credit loss (ECL) basis. When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment and including forward-looking information.

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

When considering the ECL for rates and annual charges debtors, Council considers that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	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	26,470	–	26,470	35,162	31,505	–	–	–	(44,834)	–	–	48,303	–	48,303
Plant and equipment	23,944	(14,974)	8,970	–	2,324	(669)	(1,820)	–	–	–	–	24,586	(15,781)	8,805
Office equipment	3,582	(2,640)	942	–	424	–	(225)	–	–	–	–	4,006	(2,865)	1,141
Furniture and fittings	539	(456)	83	–	820	–	(70)	–	–	–	–	1,359	(526)	833
Land:														
– Operational land	152,153	–	152,153	–	–	–	–	–	6	–	9,592	161,751	–	161,751
– Community land	473,724	–	473,724	–	–	–	–	–	–	–	22,265	495,989	–	495,989
Land improvements	143,808	(47,621)	96,187	–	–	–	(2,494)	–	3,320	261	–	147,400	(50,126)	97,274
Infrastructure:														
– Buildings – non-specialised	105,299	(37,203)	68,096	–	–	(3,192)	(2,599)	–	11,551	–	10,775	125,745	(41,114)	84,631
– Buildings – specialised	103,389	(42,135)	61,254	–	–	(8)	(2,227)	(22)	1,893	–	8,884	120,503	(50,729)	69,774
– Other structures	32,013	(15,018)	16,995	–	–	(56)	(1,278)	–	1,199	120	–	33,185	(16,205)	16,980
– Roads	580,572	(93,714)	486,858	–	–	(1,529)	(7,101)	–	14,553	(40)	26,460	623,720	(104,519)	519,201
– Bridges	23,225	(4,950)	18,275	–	–	–	(368)	–	–	34	964	24,512	(5,607)	18,905
– Footpaths	73,226	(29,196)	44,030	–	–	(188)	(751)	–	1,862	(375)	2,394	78,470	(31,498)	46,972
– Bulk earthworks (non-depreciable)	95,271	–	95,271	–	–	–	–	–	–	–	5,116	100,387	–	100,387
– Stormwater drainage	638,080	(148,114)	489,966	–	–	(120)	(4,306)	–	2,165	–	24,727	672,537	(160,105)	512,432
– Water supply network	270	(118)	152	–	–	–	(7)	–	–	–	–	270	(125)	145
– Swimming pools	30,733	(5,664)	25,069	–	–	–	(521)	–	7,735	–	4,710	44,081	(7,088)	36,993
Other assets:														
– Catchment remediation assets	19,219	(3,279)	15,940	–	–	–	(366)	–	550	–	–	19,769	(3,645)	16,124
– Library books	3,372	(2,228)	1,144	–	435	–	(465)	–	–	–	–	3,807	(2,693)	1,114
Total infrastructure, property, plant and equipment	2,528,889	(447,310)	2,081,579	35,162	35,508	(5,762)	(24,598)	(22)	–	–	115,887	2,730,380	(492,626)	2,237,754

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	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	27,231	–	27,231	37,618	27,066	–	–	–	(65,445)	–	–	26,470	–	26,470
Plant and equipment	20,025	(12,903)	7,122	–	3,919	(536)	(1,535)	–	–	–	–	23,944	(14,974)	8,970
Office equipment	2,785	(2,494)	291	–	798	–	(147)	–	–	–	–	3,582	(2,640)	942
Furniture and fittings	538	(407)	131	–	–	–	(48)	–	–	–	–	539	(456)	83
Land:														
– Operational land	150,688	–	150,688	–	–	–	–	–	1,465	–	–	152,153	–	152,153
– Community land	339,987	–	339,987	–	–	–	–	–	523	–	133,214	473,724	–	473,724
Land improvements – depreciable	113,887	(45,427)	68,460	–	–	–	(2,195)	–	29,922	–	–	143,808	(47,621)	96,187
Infrastructure:														
– Buildings – non-specialised	104,186	(34,699)	69,487	–	–	–	(2,504)	–	1,113	–	–	105,299	(37,203)	68,096
– Buildings – specialised	101,716	(41,404)	60,312	–	–	(377)	(2,135)	–	3,454	–	–	103,389	(42,135)	61,254
– Other structures	29,306	(14,306)	15,000	–	–	(15)	(1,181)	(113)	3,304	–	–	32,013	(15,018)	16,995
– Roads	443,336	(87,626)	355,710	–	–	(1,898)	(6,233)	–	15,241	38	124,000	580,572	(93,714)	486,858
– Bridges	18,889	(3,540)	15,349	–	–	–	(320)	–	430	–	2,816	23,225	(4,950)	18,275
– Footpaths	58,625	(21,003)	37,622	–	–	(69)	(607)	–	4,942	(37)	2,179	73,226	(29,196)	44,030
– Bulk earthworks (non-depreciable)	79,459	–	79,459	–	–	–	–	–	–	–	15,812	95,271	–	95,271
– Stormwater drainage	588,700	(132,998)	455,702	–	–	(201)	(4,587)	–	3,981	(1)	35,072	638,080	(148,114)	489,966
– Water supply network	270	(111)	159	–	–	–	(7)	–	–	–	–	270	(118)	152
– Swimming pools	30,733	(5,230)	25,503	–	–	–	(434)	–	–	–	–	30,733	(5,664)	25,069
Other assets:														
– Library books	2,970	(1,765)	1,205	–	403	–	(464)	–	–	–	–	3,372	(2,228)	1,144
– Catchment remediation assets	18,149	(2,931)	15,218	–	–	–	(348)	–	1,070	–	–	19,219	(3,279)	15,940
Total infrastructure, property, plant and equipment	2,131,480	(406,844)	1,724,636	37,618	32,186	(3,096)	(22,745)	(113)	–	–	313,093	2,528,889	(447,310)	2,081,579

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

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

Material accounting policy information

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.

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	10 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 150
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.

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.

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

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.

C1-6 Investment property

\$ '000	2024	2023
Owned investment property		
Investment property on hand at fair value	36,790	31,660
Total owned investment property	36,790	31,660
Owned investment property		
At fair value		
Opening balance at 1 July	31,660	29,710
Additions - new assets	4,335	2,207
Net gain/(loss) from fair value adjustments	795	(257)
Closing balance at 30 June	36,790	31,660

Material accounting policy information

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.

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	1,841	1,783
Accumulated amortisation	(828)	(702)
Net book value – opening balance	1,013	1,081
Movements for the year		
Purchases	–	58
Amortisation charges	(130)	(126)
Closing values at 30 June		
Gross book value	1,841	1,841
Accumulated amortisation	(958)	(828)
Total intangible assets – net book value	883	1,013

Material accounting policy information

C1-7 Intangible assets (continued)

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. Information relating to the leases in place and associated balances and transactions is provided below.

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.

Buildings

The lease of office space to be used as Councils corporate office concluded in the current year.

(a) Right of use assets

\$ '000	IT Equipment	Property	Total
2024			
Opening balance at 1 July	–	357	357
Additions to right-of-use assets	356	–	356
Depreciation charge	–	(357)	(357)
Balance at 30 June	356	–	356
2023			
Opening balance at 1 July	9	322	331
Additions to right-of-use assets	–	457	457
Depreciation charge	(9)	(423)	(432)
Balance at 30 June	–	357	357

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	80	275	360	–
Total lease liabilities	80	275	360	–

(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
2024					
Cash flows	104	314	–	418	355
2023					
Cash flows	360	–	–	360	360

(d) Income Statement

C2-1 Council as a lessee (continued)

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

\$ '000	2024	2023
Interest on lease liabilities	16	25
Variable lease payments based on usage not included in the measurement of lease liabilities	15,421	13,845
Depreciation of right of use assets	357	432
Expenses relating to leases of low-value assets	167	242
	15,961	14,544

(e) Statement of Cash Flows

Total cash outflow for leases	15,961	14,544
	15,961	14,544

Material accounting policy information

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.

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:

C2-2 Council as a lessor (continued)

\$ '000	2024	2023
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	1,009	1,139
Total income relating to operating leases for investment property assets	1,009	1,139
Operating lease expenses		
Direct operating expenses that generated rental income	192	59
Total expenses relating to operating leases	192	59
(ii) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	2,533	2,659
Total income relating to operating leases for Council assets	2,533	2,659
Other leased assets expenses		
Other	186	148
Total expenses relating to other leases assets	186	148
Amount of IPPE leased out by Council under operating leases		
Property leases	32,189	26,911
Total amount of IPPE leased out by Council under operating leases	32,189	26,911
(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	1,939	1,035
1–2 years	1,633	959
2–3 years	1,474	981
3–4 years	1,161	985
4–5 years	1,003	957
> 5 years	88,326	98,953
Total undiscounted lease payments to be received	95,536	103,870

Material accounting policy information

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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepaid rates	663	–	588	–
Goods and services – operating expenditure	8,391	–	10,242	–
Accrued expenses:				
– Salaries and wages	2,089	–	1,944	–
– Other expenditure accruals	2,143	–	4,897	–
Security bonds, deposits and retentions	524	–	527	–
Employee costs	41	–	–	–
Other	26	–	14	–
Total payables	13,877	–	18,212	–

Payables

The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	37	257	295	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	568	196	618	57
Total grants received in advance		605	453	913	57
User fees and charges received in advance:					
Upfront fees – leisure and community centres	(iii)	1,409	–	993	–
Upfront fees - Planning and building regulation	(iv)	644	124	523	107
Total user fees and charges received in advance		2,053	124	1,516	107
Total contract liabilities		2,658	577	2,429	164

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 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

C3-2 Contract Liabilities (continued)

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	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	–	185
Operating grants (received prior to performance obligation being satisfied)	479	581
User fees and charges received in advance:		
Upfront fees - leisure centre	993	667
Upfront fees – Planning and building regulation	515	752
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,987	2,185

Material accounting policy information

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

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Lease liability (Note C2-1b)	360	(360)	355	–	–	–	355
Total liabilities from financing activities	360	(360)	355	–	–	–	355

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	257	(257)	–	–	–	–	–
Lease liability (Note C2-1b)	358	(455)	457	–	–	–	360
Total liabilities from financing activities	615	(712)	457	–	–	–	360

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	3,000	3,000
Credit cards/purchase cards	101	89
Total financing arrangements	3,101	3,089

C3-3 Borrowings (continued)

\$ '000	2024	2023
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	16	14
Total drawn financing arrangements	16	14
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	3,000	3,000
– Credit cards/purchase cards	85	75
Total undrawn financing arrangements	3,085	3,075

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.

Material accounting policy information

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.

C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	5,141	–	4,937	–
Sick leave	155	–	167	–
Long service leave	9,366	1,121	9,188	953
Net liability - defined benefit plan	–	388	–	677
Other leave	133	–	129	–
Total employee benefit provisions	14,795	1,509	14,421	1,630

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	10,158	9,735
	10,158	9,735

Description of and movements in provisions

Material accounting policy information

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

C3-4 Employee benefit provisions (continued)

when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Other provisions				
Provision for property acquisitions	3,133	–	–	–
Biobanking liability - management actions	138	945	116	1,082
Provision for repayment of grant funds	36,302	–	–	–
Sub-total – other provisions	39,573	945	116	1,082
Asset remediation/restoration:				
Provision for land remediation	4,915	17,764	5,562	–
Sub-total – asset remediation/restoration	4,915	17,764	5,562	–
Total provisions	44,488	18,709	5,678	1,082

Description of and movements in provisions

\$ '000	Other provisions				Total
	Provision for land remediation	Provision for grant funds repayable	Provision for property acquisiton	Biobanking liability - management actions	
2024					
At beginning of year	5,562	–	–	1,198	6,760
Additional provisions	22,679	36,302	3,133	–	62,114
Payments	(5,562)	–	–	(116)	(5,678)
Total other provisions at end of year	22,679	36,302	3,133	1,082	63,196
2023					
At beginning of year	7,001	–	–	1,292	8,293
Additional provisions	5,562	–	–	–	5,562
Payments	(7,001)	–	–	(94)	(7,095)
Total other provisions at end of year	5,562	–	–	1,198	6,760

Nature and purpose of provisions

Provision for repayment of grant funds

C3-5 Provisions (continued)

The provision for repayment of grant funds relates to unspent grant monies for the development of Westleigh Park. These funds are required to be returned to the grantor in accordance with the funding agreement.

Provision for property acquisitions

The provision for property acquisitions relates to property acquisitions in progress at 30 June 2024.

Biobanking liability - management actions

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

The provision for environmental remediation works at Foxglove Oval in Mount Colah is ongoing. The provision is calculated based on the estimated cost to remediate the site to meet the requirements of the NSW Environment Protection Authority. It is noted that the actual costs to remediate this location may vary from the current year provision as a result of various factors including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure may also change. Any adjustments required to this provision would impact future financial results.

Material accounting policy information

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Non-current provisions have only been discounted where the impact of discounting is material to the financial statements.

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	2024	2023
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	2,529	2,793
Impact of a 10% movement in price of investments		
– Equity / Income Statement	6,052	5,397

(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	
2024				
Gross carrying amount	–	2,492	175	2,667
2023				
Gross carrying amount	–	2,541	160	2,701

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	
2024						
Gross carrying amount	9,619	5,533	115	70	238	15,575
Amount provided (%)	0.01%	0.00%	0.33%	1.71%	9.25%	0.16%
2023						
Gross carrying amount	6,454	1,711	322	249	256	8,992
Amount provided (%)	0.05%	0.29%	0.76%	0.77%	30.64%	1.01%

(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		
2024							
Payables	0.00%	524	12,815	–	–	13,339	13,877

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
Total financial liabilities		524	12,815	–	–	13,339	13,877
2023							
Payables	0.00%	527	16,020	–	–	16,547	18,212
Total financial liabilities		527	16,020	–	–	16,547	18,212

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)

\$ '000	Notes	Fair value measurement hierarchy						Total	
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
– ‘Financial assets at fair value through profit and loss’		–	–	23,732	22,310	–	–	23,732	22,310
At fair value through other comprehensive income		47,814	63,548	–	–	–	–	47,814	63,548
Total financial assets		47,814	63,548	23,732	22,310	–	–	71,546	85,858
Investment property									
Investment property portfolio	C1-6	–	–	36,790	31,660	–	–	36,790	31,660
Total investment property		–	–	36,790	31,660	–	–	36,790	31,660
Infrastructure, property, plant and equipment									
Operational land	C1-5	–	–	161,751	152,153	–	–	161,751	152,153
Community land		–	–	–	–	495,989	473,724	495,989	473,724
Buildings (specialised and non-specialised)		–	–	–	–	154,405	129,350	154,405	129,350
Roads, bridges, footpaths and bulk earthworks		–	–	–	–	685,465	644,434	685,465	644,434
Stormwater drainage		–	–	–	–	512,432	489,966	512,432	489,966
Swimming pools		–	–	–	–	36,993	25,069	36,993	25,069
Catchment remediation assets		–	–	–	–	16,124	15,940	16,124	15,940
Total infrastructure, property, plant and equipment		–	–	161,751	152,153	1,901,408	1,778,483	2,063,159	1,930,636

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 Fullarton Valuations Pty Ltd to determine the fair value of Investment Properties, which were last remeasured at 30 June 2024.

In measuring fair value, Scott Fullarton 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 engages Scott Fullarton Valuations Pty Ltd to determine the fair value of buildings which were last remeasured at 30 June 2022. In the current year Council has indexed the value of buildings at 30 June 2024 using externally sourced data.

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 Fullarton 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.

The values of Operational and Community land have been indexed at 30 June 2024 using externally sourced data.

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 indexed at 30 June 2024 using externally sourced data. The Stormwater drainage asset class has been revalued at 30 June 2024 using an indexation factor sourced from the NSW Department of Planning and Environment.

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:

	2024 (\$'000)	2023 (\$'000)
Balance at 1 July	1,778,483	1,454,349
Purchases	-	-
Carrying value of assets sold/disposed	(5,037)	(2,545)
Depreciation	(18,239)	(17,168)
Impairment loss	(22)	-
WIP transfers	40,309	30,754
Dedications	-	-
Revaluation decrements	-	-
Revaluation increments	106,295	313,093
Adjustments and transfers	(381)	-
Other movements	-	-
Balance at 30 June	1,901,408	1,778,483

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 2024 is \$8,395k.

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 past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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 2023 was \$487,300. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2023.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

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

Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

*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	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

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 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

Other liabilities

Landfill Remediation

A review of historic landfill sites commenced in the year ended 30 June 2019. The provision for ongoing environmental remediation works at Foxglove Oval in Mount Colah (refer to Note C3-5) is ongoing as remediation works continue. Council has purchased two homes neighbouring this location. At 30 June 2024 a provision has been recognised based on the estimated cost to remediate the site to meet the requirements of the NSW Environment Protection Authority.

In addition Council is subject to an ongoing legal case related to contamination of a property neighbouring this location. This matter is in early stages with no estimate of any potential liability to Council currently available.

Council has also commenced remediation investigations at Montview Oval in Hornsby Heights during the current financial year and a provision for these works has been recognised (refer to Note C3-5).

Hornsby Quarry

D3-1 Contingencies (continued)

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

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	2024	2023
Compensation:		
Short-term Benefits		
Salaries and other short-term benefits	2,339	2,290
Post-employment Benefits		
Superannuation – Senior Staff	163	175
Other Long-term Benefits		
Long service leave entitlements	61	53
Total	2,563	2,518

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						
2024						
Lease of Wallarobba Arts & Cultural Centre - Hornsby Art Society (HAS) and 2HHH FM Ltd (2HHH)	1,2,3	17	–	HAS, HVH and 2HHH lease space from Council as not-for-profit community organisations and a community radio station respectively.	–	–
2023						
Lease of Wallarobba Arts & Cultural Centre - Hornsby Art Society (HAS) and 2HHH FM Ltd (2HHH)	1,2,3	22	–	HAS, HVH and 2HHH lease space from Council as not-for-profit community organisations and a community radio station respectively.	–	–

- 1 Councillor McIntosh is the President of the Hornsby Art Society Inc. (HAS)
- 2 Councillor McIntosh is a member of the Steering Committee for Hornsby Village Hub. (HVH)
- 3 Councillor McIntosh is a Board Director of the 2HHH FM Ltd. (2HHH)

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	73	71
Councillors' fees	276	268
Other Councillors' expenses (including Mayor)	19	23
Total	368	362

E2 Other relationships

E2-1 Audit fees

\$ '000	2024	2023
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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

Total audit fees

129	122
129	122

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2024	2023
Net operating result from Income Statement	(27,997)	44,749
Add / (less) non-cash items:		
Depreciation and amortisation	25,085	23,303
(Gain) / loss on disposal of assets	4,560	2,152
Non-cash capital grants and contributions	(213)	(4,199)
Defined benefit pension adjustments	50	232
Write off from work in progress account	5,615	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(1,422)	(1,280)
– Investment property	(795)	257
– Revaluation decrements / impairments of IPP&E direct to P&L	22	113
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,235)	(4,662)
Increase / (decrease) in provision for impairment of receivables	(68)	10
(Increase) / decrease of inventories	(10)	1
(Increase) / decrease of other current assets	(383)	(552)
(Increase) / decrease of contract asset	(64)	67
Increase / (decrease) in payables	(1,851)	2,790
Increase / (decrease) in accrued interest payable	–	(5)
Increase / (decrease) in other accrued expenses payable	(2,259)	3,548
Increase / (decrease) in other liabilities	125	(67)
Increase / (decrease) in contract liabilities	642	(47)
Increase / (decrease) in employee benefit provision	253	(862)
Increase / (decrease) in other provisions	44,620	(1,533)
Net cash flows from operating activities	43,675	64,015

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings (non specialised)	3,133	1,962
Buildings (specialised - libraries & community centres)	177	2,749
Hornsby Quarry	11,224	12,988
Infrastructure – Roads & Drainage	4,004	1,446
Land improvements	1,369	1,986
Plant and equipment	844	1,439
Westleigh Park	468	1,800
Total commitments	21,219	24,370
Sources for funding of capital commitments:		
Unrestricted general funds	1,428	3,118
Externally restricted reserves	16,264	20,723
Internally restricted reserves	3,527	529
Total sources of funding	21,219	24,370

Details of capital commitments

All committed amounts are associated with the routine renewal and/or upgrade of existing Council assets which will take place in the next year.

F3-1 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected the results of the council.

F4 Statement of developer contributions

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash	Land				
Roads	5,147	184	–	–	239	(799)	4,771	–
Open space	36,763	1,093	–	–	1,725	(4,251)	35,330	–
Community facilities	31,664	576	–	–	1,682	(720)	33,202	–
Plan administration	443	8	–	–	22	(22)	451	–
S7.11 contributions – under a plan	74,017	1,861	–	–	3,668	(5,792)	73,754	–
S7.12 levies – under a plan	9,765	1,985	–	–	547	(411)	11,886	–
Total S7.11 and S7.12 revenue under plans	83,782	3,846	–	–	4,215	(6,203)	85,640	–
Total contributions	83,782	3,846	–	–	4,215	(6,203)	85,640	–

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 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash	Land				
CONTRIBUTION PLAN NUMBER 1 (2012 to 2021)								
Roads	5,147	184	–	–	239	(799)	4,771	–
Open space	36,763	1,093	–	–	1,725	(4,251)	35,330	–
Community facilities	31,664	576	–	–	1,682	(720)	33,202	–
Plan administration	443	8	–	–	22	(22)	451	–
Total	74,017	1,861	–	–	3,668	(5,792)	73,754	–

F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land				
S7.12 Levies – under a plan							
2012 - 2021							
Other	9,765	1,985	–	547	(411)	11,886	–
Total	9,765	1,985	–	547	(411)	11,886	–

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(3,381)	(2.08)%	11.55%	(1.89)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	162,738				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	152,096	108.23%	74.93%	73.76%	> 60.00%
Total continuing operating revenue ¹	140,535				
3. Unrestricted current ratio					
Current assets less all external restrictions	130,389	6.21x	5.96x	6.40x	> 1.50x
Current liabilities less specific purpose liabilities	20,999				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	21,720	57.61x	57.03x	23.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	377				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,901	2.42%	2.57%	2.29%	< 5.00%
Rates and annual charges collectable	119,894				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	205,130	17.17	19.69	21.57	> 3.00
Monthly payments from cash flow of operating and financing activities	11,946	months	months	months	months

(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

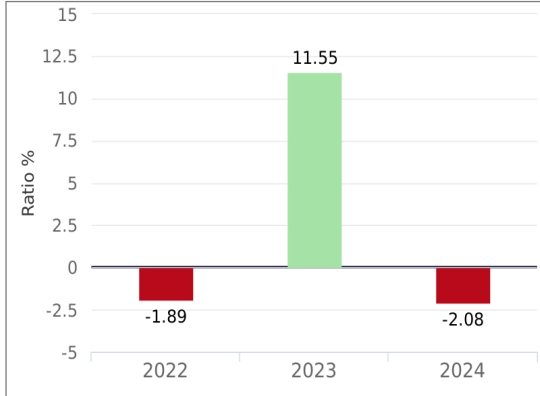
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

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 2023/24 result

2023/24 ratio (2.08)%

The current year decrease is largely due to the provision for land remediation (see Note C3-5) which resulted in an \$8.4m operating expense in the current year. Without this expense the ratio would be approximately 3.1%. Councils adopted long term financial plan forecasts a positive operating performance ratio over the next 10 years based on the ordinary course of business.

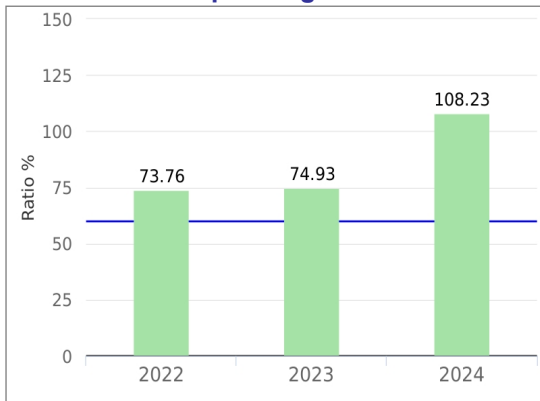
Benchmark: — > 0.00%

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 2023/24 result

2023/24 ratio 108.23%

This ratio has increased above 100% because own source revenue is higher than total revenue due to a negative capital grant income. This is because of a \$36.3m provision for a grant to be repaid (Note C3-5). Without this expense the ratio would be approximately 86.0%.

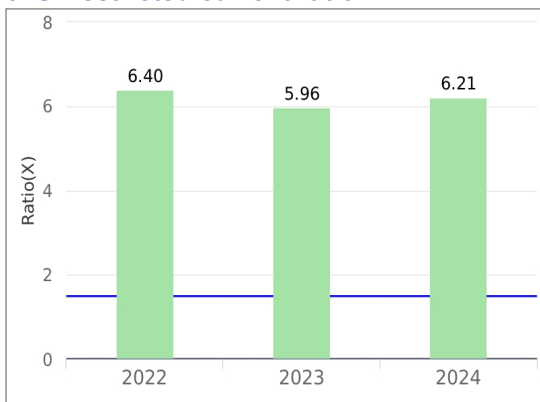
Benchmark: — > 60.00%

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 2023/24 result

2023/24 ratio 6.21x

This ratio has decreased slightly from the prior year however remains well above the benchmark, demonstrating Councils ability to satisfy its short term obligations. Councils adopted long term financial plan includes a recommendation to maintain cash reserves and this ratio at its current level to ensure Councils long term financial sustainability.

Benchmark: — > 1.50x

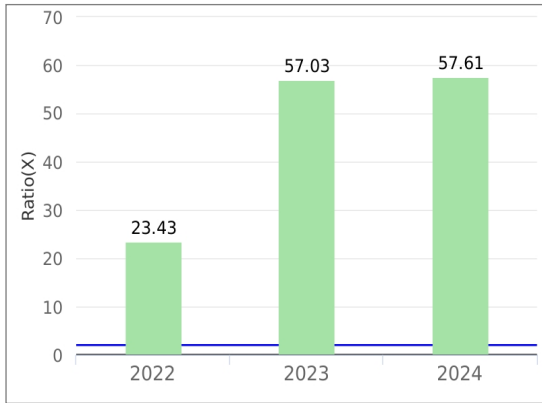
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2023/24 result

2023/24 ratio 57.61x

This ratio has improved from the prior year as Council is now debt free with the exception of leases for plant and equipment used in the ordinary course of business. The lease for Councils office has now concluded as staff have moved back to a Council owned building.

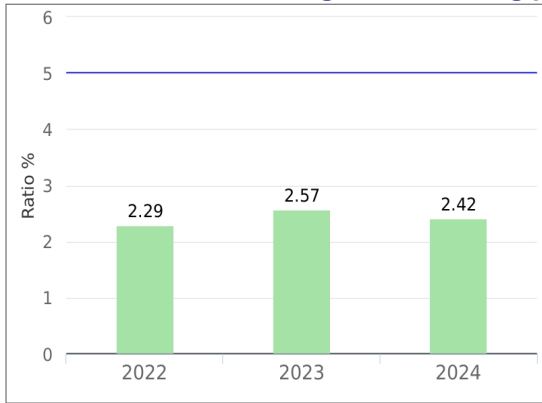
Benchmark: — > 2.00x

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 2023/24 result

2023/24 ratio 2.42%

This ratio has improved from the prior year and remains well below the benchmark.

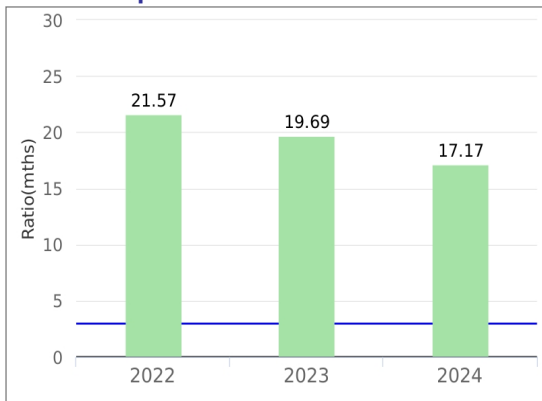
Benchmark: — < 5.00%

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 2023/24 result

2023/24 ratio 17.17 months

This ratio has reduced from the prior year but remains well above the benchmark indicating that Council is in a strong position to meet its cash flow requirements. The decrease is due to a decrease in total cash and investments held at year end and an increase in cash outflows from operating and financing activities.

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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 2024, 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).

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

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 2024 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 the 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2024
SYDNEY



The Hon. Phillip Ruddock AO
 Mayor
 Hornsby Shire Council
 PO BOX 37
 HORNSBY NSW 1630

Contact: Cassie Malone
 Phone no: 02 9275 7388
 Our ref: R008-2124742775-7494

24 October 2024

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2024 Hornsby Shire Council

I have audited the general purpose financial statements (GPFS) of the Hornsby Shire Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 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

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	116.6	110.1	↑ 5.9
Grants and contributions revenue	(11.6)	47.9	↓ 124
Operating result from continuing operations	(28.0)	44.7	↓ 163
Net operating result before capital grants and contributions	(5.8)	17.6	↓ 133

Rates and annual charges revenue (\$116.6 million) increased by \$6.5 million (5.9 per cent) in 2023–24, largely due to rate peg increase.

Grants and contributions revenue (net deficit of \$11.6 million) decreased by \$59.5 million (124 per cent) in 2023–24 mainly due to:

- the recognition of a provision to repay unspent capital grant funding of \$36.3 million relating to a project funded under the NSW Government's Stronger Communities program. These monies were received in a previous year
- \$7.0 million decrease in other roads and bridges funding
- \$1.1 million reduction in bushfire and emergency services funding
- receiving 85 per cent of the financial assistance grants for 2024-25 in advance (100 per cent in 2022-23).

Council's operating result from continuing operations (\$28.0 million deficit including depreciation, amortisation and impairment expense of \$25.1 million) was \$72.7 million lower than the 2022–23 result. This was mainly due to the reduction in grants and contributions revenue outlined above, combined with increases in materials and services expenditure of \$14.9 million and employee benefits and on-costs expenditure of \$3.8 million).

The net operating result before capital grants and contributions (\$5.8 million deficit) was \$23.4 million lower than the 2022–23 result.

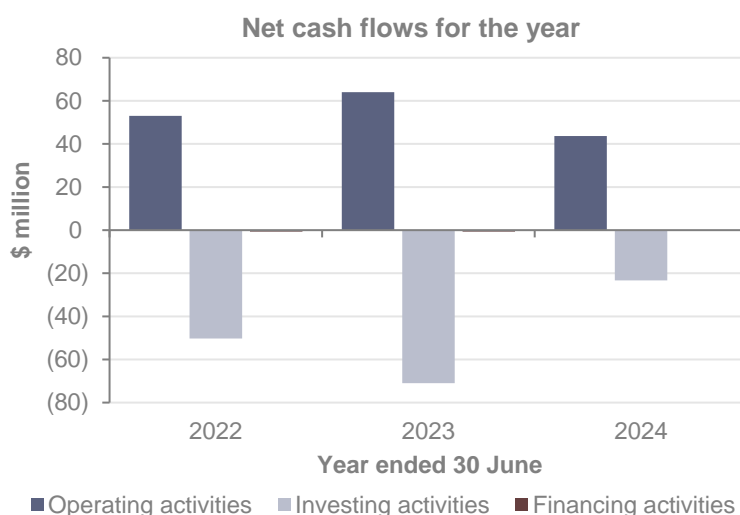
STATEMENT OF CASH FLOWS

Cash balances (\$60.1 million) increased by \$20.0 million (49.9 per cent) in 2023–24.

Net cash flows from operating activities decreased mainly due to a reduction in grants and contributions received during the year.

Net cash used in investing activities increased this year due to a reduction in purchases and sales of investments compared to last year.

Net cash flows used in financing activities remained consistent.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	276.7	301.6	Externally restricted balances comprise mainly of developer contributions and unspent grant monies.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	165.0	191.5	
• Internal allocations	88.7	83.9	

Debt

At 30 June 2024, Council had \$3.0 million in approved overdraft facilities with nil drawn down.

PERFORMANCE

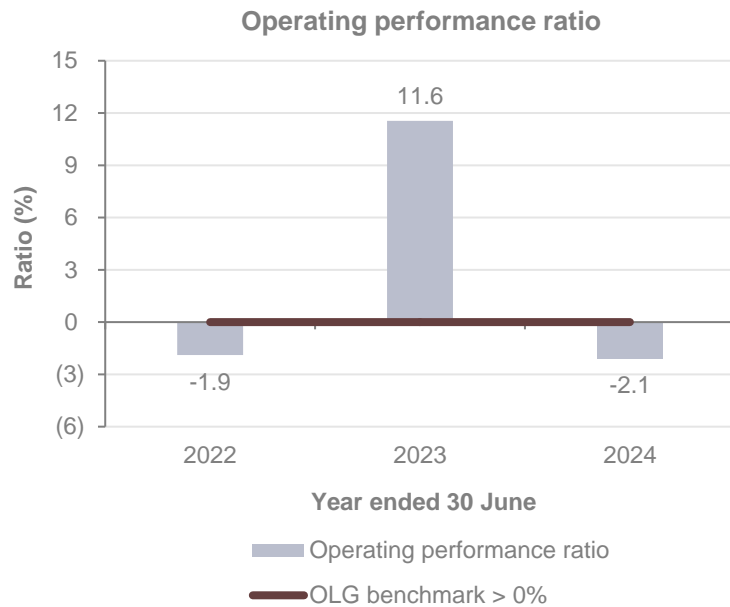
Performance measures

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

Operating performance ratio

Council did not meet the benchmark for the current reporting period.

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



Own source operating revenue ratio

Council met the benchmark for the current reporting period.

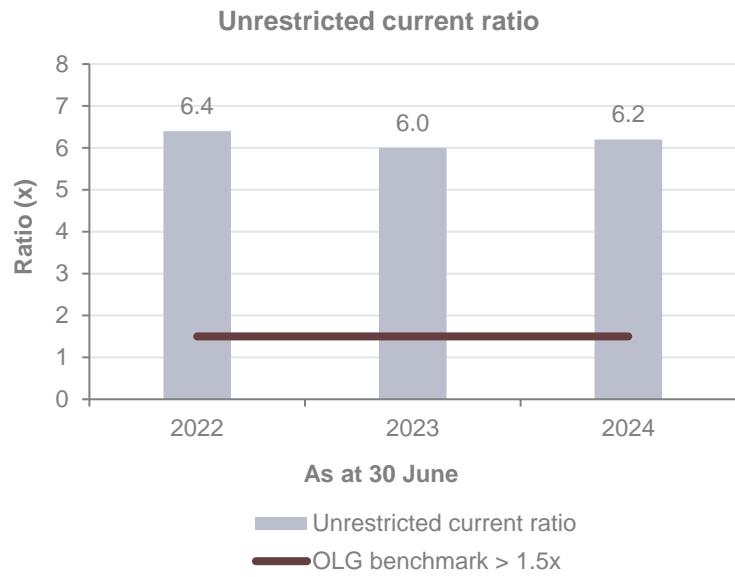
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

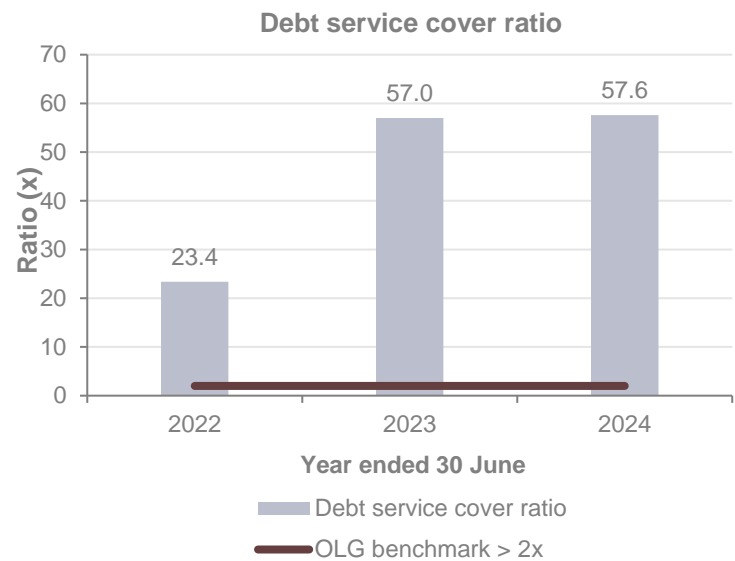
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

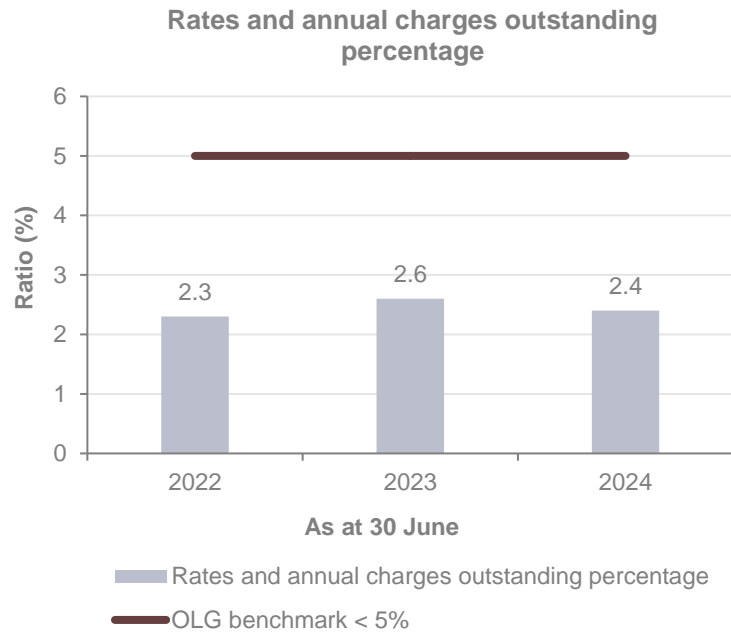
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

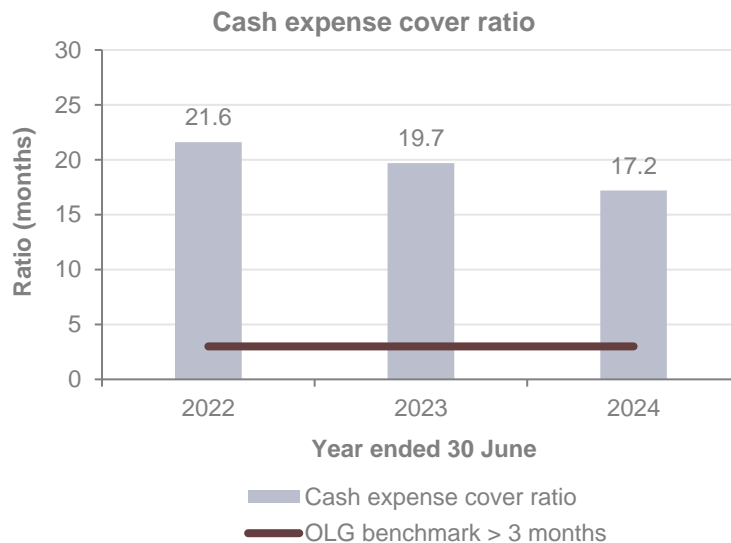
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$35.2 million of infrastructure, property, plant and equipment during the 2023-24 financial year. A further \$35.5 million was spent on new assets.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Hornsby Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Hornsby Shire Council

Special Schedules

for the year ended 30 June 2024

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Hornsby Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	75,889	82,438
Plus or minus adjustments ²	b	91	137
Notional general income	c = a + b	75,980	82,575
Permissible income calculation			
Percentage increase	d	8.50%	7.50%
Plus percentage increase amount ³	f = d x (c + e)	6,458	6,193
Sub-total	g = (c + e + f)	82,438	88,768
Plus (or minus) last year's carry forward total	h	1	-
Less valuation objections claimed in the previous year	i	-	1
Sub-total	j = (h + i)	1	1
Total permissible income	k = g + j	82,439	88,769
Less notional general income yield	l	82,438	88,769
Catch-up or (excess) result	m = k - l	1	-
Plus income lost due to valuation objections claimed ⁴	n	(1)	-
Carry forward to next year ⁶	p = m + n + o	-	-

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)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

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 2025.

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 2023–24 (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).

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

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 2024 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 2024.

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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2024
SYDNEY

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2024 (unaudited)

as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 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
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Libraries	60	60	186	437	17,240	21,173	0.0%	97.6%	2.4%	0.0%	0.0%
	Amenities	1,991	16,200	820	7	29,746	45,694	8.4%	19.3%	68.4%	4.0%	0.0%
	Commercial/Residential Buildings	2,592	–	610	30	15,427	35,161	15.6%	16.9%	65.9%	1.7%	0.0%
	Rural Fire Service Buildings	585	585	238	356	13,015	20,883	0.0%	14.2%	79.4%	6.5%	0.0%
	Indoor Sports Stadium	–	–	186	220	11,234	14,968	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Offices /Administration Centres	–	–	500	504	24,717	32,219	0.0%	100.0%	0.0%	0.0%	0.0%
	Council Works Depot	640	–	370	146	5,655	13,330	11.4%	48.5%	40.1%	0.0%	0.0%
	Council Public Halls	217	217	755	1,140	37,371	62,820	0.0%	16.5%	83.5%	0.0%	0.0%
Sub-total		6,085	17,062	3,665	2,840	154,405	246,248	4.4%	35.5%	58.6%	1.5%	0.0%
Other structures	Other structures	312	312	75	79	14,781	29,666	18.0%	39.0%	34.0%	8.0%	1.0%
	Wharves, Pontoons & Seawalls	517	517	302	423	2,199	3,523	25.0%	42.0%	13.0%	20.0%	0.0%
	Sub-total	829	829	377	502	16,980	33,189	18.7%	39.3%	31.8%	9.3%	0.9%
Roads	Sealed Road	200	200	1,107	1,769	438,013	499,892	42.6%	33.3%	16.6%	5.4%	2.0%
	Unsealed roads	348	348	248	160	235	4,339	16.5%	8.6%	67.7%	5.6%	1.6%
	Bridges	38	38	21	1	18,907	24,514	48.8%	44.7%	6.2%	0.0%	0.3%
	Footpaths	208	208	600	793	46,965	78,464	23.3%	0.0%	55.2%	21.6%	0.0%
	Traffic Facilities	351	351	334	192	14,797	19,726	38.2%	48.6%	10.0%	2.5%	0.7%
	Signs	61	61	114	88	5,674	5,677	66.2%	0.1%	32.8%	0.0%	1.0%
	Traffic Barrier Fencing	81	81	68	39	3,012	4,059	90.9%	6.3%	0.0%	2.8%	0.0%
	Car Parks	200	200	52	92	1,537	3,027	32.8%	1.4%	44.0%	0.0%	21.7%
	Cycleways and Shared path	49	13,979	31	6	351	877	0.0%	22.8%	0.0%	77.2%	0.0%
	Kerb and Gutter	34	34	207	208	55,029	85,566	22.8%	0.0%	76.9%	0.2%	0.0%
Sub-total		1,570	15,500	2,782	3,348	585,078	726,141	38.5%	25.9%	27.8%	6.3%	1.5%
Stormwater drainage	Pipes	530	10,530	654	597	406,818	537,585	14.6%	75.0%	10.3%	0.1%	0.0%
	Culverts	183	183	42	39	26,350	31,729	6.4%	0.2%	93.5%	0.0%	0.0%
	Head Walls	15	15	–	1	589	603	0.0%	0.0%	100.0%	0.0%	0.0%
	Channels	21	21	4	4	2,766	3,721	1.7%	83.3%	15.0%	0.0%	0.0%
	Pits	241	241	123	111	75,909	98,901	34.5%	56.8%	8.5%	0.2%	0.0%
	Sub-total		990	10,990	823	752	512,432	672,539	17.1%	68.7%	14.1%	0.1%

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2024 (unaudited) (continued)

as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 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
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Aquatic Centres	258	258	817	767	36,993	44,081	0.0%	21.5%	78.6%	0.0%	0.0%
	Sub-total	258	258	817	767	36,993	44,081	0.0%	21.5%	78.6%	0.0%	0.0%
	Total – all assets	9,732	44,639	8,464	8,209	1,306,033	1,722,198	23.9%	44.1%	28.2%	3.1%	0.7%

(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 2024 (unaudited)

as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	29,867	155.72%	99.46%	91.23%	> 100.00%
Depreciation, amortisation and impairment	19,180				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	9,732	0.67%	1.75%	1.47%	< 2.00%
Net carrying amount of infrastructure assets	1,454,723				
Asset maintenance ratio					
Actual asset maintenance	8,209	96.99%	90.19%	79.84%	> 100.00%
Required asset maintenance	8,464				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	44,639	2.59%	3.96%	1.96%	
Gross replacement cost	1,722,198				

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

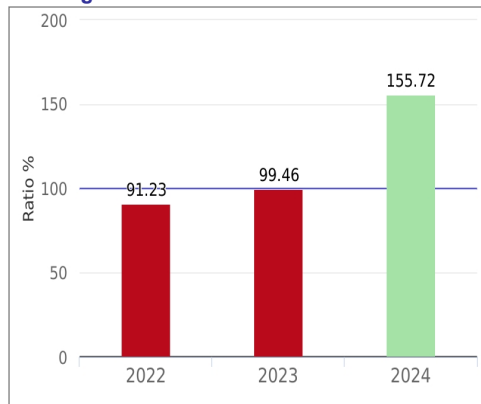
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Hornsby Shire Council

Report on infrastructure assets as at 30 June 2024 (unaudited)

as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
23/24 ratio	155.72%
Council undertook one of its largest capital programs in FY23/24. The increase in the renewals ratio is due to the remediation of Galston Aquatic Centre and Council's Administration building. \$6.5m of additional road renewal was also completed to repair damage incurred from successive wet weather events.	

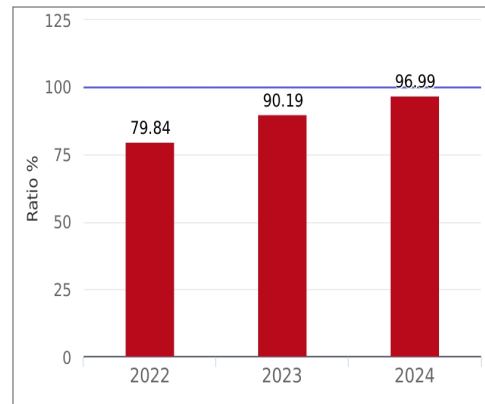
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
23/24 ratio	96.99%
The maintenance ratio has improved due to the expenditure of additional funding received from Council's successful SRV application but remains below the benchmark. The ratio is expected to improve in future years as recommendations in Council's asset management improvement program are completed.	

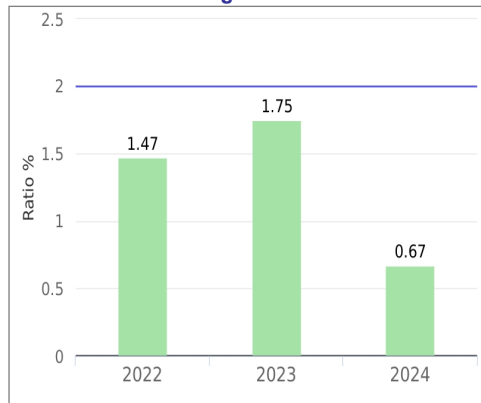
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
23/24 ratio	0.67%
The prior year ratio included a backlog attributable to the storm damaged road network, required renewal to the Council's Administration building and required renewal of Galston Aquatic Centre. These projects were completed in the current year.	

Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
23/24 ratio	2.59%
This ratio has decreased due to the completion of renewal works on Council's Administration building and Galston Aquatic Centre. The ratio includes works fully funded by Council's SRV to deliver strategic initiatives to the community comprising sporting amenity buildings, an expanded cycling and shared path network and the upgrade of drainage infrastructure.	



Swimming Pool Information
A Guide to CPR

A GUIDE TO CPR



No Diving

FUNNY FRONKS
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