

# Georges River Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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*A leading, people-focused organisation delivering  
outstanding results for our community and city.*



# Georges River Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*A leading, people-focused organisation delivering  
outstanding results for our community and city.*



# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

Corner MacMahon and Dora Streets  
Hurstville NSW 2220

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

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

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.georgesriver.nsw.gov.au](http://www.georgesriver.nsw.gov.au)

# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 25 September 2023.



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Sam Elmir  
**Mayor**  
30 October 2023



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Elise Borg  
**Deputy Mayor**  
30 October 2023



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Danielle Parker  
**Acting General Manager**  
30 October 2023



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Scott Henwood  
**Responsible Accounting Officer**  
30 October 2023



## Georges River Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>41,058</b>	26,416
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>47,086</b>	180,899
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>47,086</b>	180,899
<b>Total other comprehensive income for the period</b>		<b>47,086</b>	180,899
<b>Total comprehensive income for the year attributable to Council</b>		<b>88,144</b>	207,315

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

## Georges River Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	26,625	24,533	24,744
Investments	C1-2	67,000	112,261	94,534
Receivables	C1-4	12,389	9,517	10,636
Inventories	C1-5	82	98	84
Other	C1-9	1,605	951	956
<b>Total current assets</b>		<b>107,701</b>	<b>147,360</b>	<b>130,954</b>
<b>Non-current assets</b>				
Investments	C1-2	133,445	51,000	41,013
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,596,751	1,553,229	1,379,025
Investment property	C1-7	29,026	27,953	20,000
Intangible assets	C1-8	–	262	901
Right of use assets	C2-1	68	98	119
<b>Total non-current assets</b>		<b>1,759,290</b>	<b>1,632,542</b>	<b>1,441,058</b>
<b>Total assets</b>		<b>1,866,991</b>	<b>1,779,902</b>	<b>1,572,012</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	28,487	26,012	25,942
Contract liabilities	C3-2	8,303	11,487	7,663
Lease liabilities	C2-1	38	44	42
Borrowings	C3-3	–	125	500
Employee benefit provisions	C3-4	12,041	12,171	14,382
Provisions	C3-5	267	264	770
<b>Total current liabilities</b>		<b>49,136</b>	<b>50,103</b>	<b>49,299</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	28	53	76
Borrowings	C3-3	–	–	125
Employee benefit provisions	C3-4	468	531	609
Provisions	C3-5	10	10	13
<b>Total non-current liabilities</b>		<b>506</b>	<b>594</b>	<b>823</b>
<b>Total liabilities</b>		<b>49,642</b>	<b>50,697</b>	<b>50,122</b>
<b>Net assets</b>		<b>1,817,349</b>	<b>1,729,205</b>	<b>1,521,890</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	1,480,288	1,439,230	1,412,814
IPPE revaluation reserve	C4-1	337,061	289,975	109,076
<b>Council equity interest</b>		<b>1,817,349</b>	<b>1,729,205</b>	<b>1,521,890</b>
<b>Total equity</b>		<b>1,817,349</b>	<b>1,729,205</b>	<b>1,521,890</b>

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

## Georges River Council

### Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
<b>\$ '000</b>							
Opening balance at 1 July		1,420,666	289,975	1,710,641	1,394,601	109,076	1,503,677
Correction of prior period errors	F4-1	18,564	–	18,564	18,213	–	18,213
<b>Restated opening balance</b>		<b>1,439,230</b>	<b>289,975</b>	<b>1,729,205</b>	<b>1,412,814</b>	<b>109,076</b>	<b>1,521,890</b>
Net operating result for the year		41,058	–	41,058	26,065	–	26,065
Correction of prior period errors	F4-1	–	–	–	351	–	351
<b>Net operating result for the period</b>		<b>41,058</b>	<b>–</b>	<b>41,058</b>	<b>26,416</b>	<b>–</b>	<b>26,416</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	47,086	47,086	–	180,899	180,899
<b>Other comprehensive income</b>		<b>–</b>	<b>47,086</b>	<b>47,086</b>	<b>–</b>	<b>180,899</b>	<b>180,899</b>
<b>Total comprehensive income</b>		<b>41,058</b>	<b>47,086</b>	<b>88,144</b>	<b>26,416</b>	<b>180,899</b>	<b>207,315</b>
<b>Closing balance at 30 June</b>		<b>1,480,288</b>	<b>337,061</b>	<b>1,817,349</b>	<b>1,439,230</b>	<b>289,975</b>	<b>1,729,205</b>

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

## Georges River Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
110,115	Rates and annual charges		109,345	104,248
15,767	User charges and fees		17,122	11,267
1,625	Interest received		5,882	1,189
30,378	Grants and contributions		46,742	34,722
–	Bonds, deposits and retentions received		777	809
13,447	Other		20,033	12,441
<i>Payments:</i>				
(62,933)	Payments to employees		(59,989)	(63,964)
(40,354)	Payments for materials and services		(74,019)	(61,114)
(5)	Borrowing costs		(2)	(11)
(21,612)	Other		(2,445)	(935)
46,428	<b>Net cash flows from operating activities</b>	G1-1	<b>63,446</b>	<b>38,652</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		89,263	74,532
1,271	Proceeds from sale of IPPE		634	12,452
<i>Payments:</i>				
–	Purchase of investments		(107,363)	(66,516)
–	Acquisition of term deposits		(18,987)	(36,000)
(40,670)	Payments for IPPE		(24,731)	(22,785)
(39,399)	<b>Net cash flows from investing activities</b>		<b>(61,184)</b>	<b>(38,317)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(125)	Repayment of borrowings		(125)	(500)
–	Principal component of lease payments		(45)	(46)
(125)	<b>Net cash flows from financing activities</b>		<b>(170)</b>	<b>(546)</b>
6,904	<b>Net change in cash and cash equivalents</b>		<b>2,092</b>	<b>(211)</b>
24,533	Cash and cash equivalents at beginning of year		24,533	24,744
31,437	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>26,625</b>	<b>24,533</b>

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

# Georges River Council

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# Georges River 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 30 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

#### **Basis of preparation**

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.

#### **Coronavirus (COVID-19) impact**

The global health crisis from the COVID-19 virus has had a significant impact on Council's operations which has been reflected in the financial statements. A number of facilities, services and events were significantly affected during the period of pandemic restrictions which resulted in reduced revenues and put a strain on cash flow. The financial difficulty experienced by many ratepayers led to a higher than normal level of outstanding collections for the financial year.

Council has determined that COVID-19 does not create a material uncertainty to the extent that it casts significant doubt upon Council's ability to continue as a going concern.

#### **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 – refer Note C1-7;
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6;
- (iii) employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

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

## A1-1 Basis of preparation (continued)

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### Monies and other assets received by Council

#### The Consolidated Fund

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

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

- General purpose operations

#### Goods and Services Tax (GST)

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

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

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

#### New accounting standards and interpretations issued but not yet effective

##### 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 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

#### New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2023. None of these standards had a significant impact on reported position or performance.

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022 Restated
<b>Functions or activities</b>										
A HARMONIOUS AND PROUD COMMUNITY WITH STRONG SOCIAL SERVICES AND INFRASTRUCTURE QUALITY, WELL PLANNED DEVELOPMENT	17,812	29,042	26,547	25,649	(8,735)	3,393	5,915	5,804	1,824	3,614
A DIVERSE AND PRODUCTIVE ECONOMY	2,205	2,340	4,817	5,251	(2,612)	(2,911)	264	86	103,087	86,511
A PROTECTED ENVIRONMENT AND GREEN OPEN SPACES	27,255	17,810	6,497	7,669	20,758	10,141	17,136	10,263	59,295	49,145
LEADERSHIP AND TRANSPARENCY	35,938	31,999	38,346	35,986	(2,408)	(3,987)	4,414	1,570	121,108	109,442
ACTIVE AND ACCESSIBLE PLACES AND SPACES	93,254	82,382	34,570	51,025	58,684	31,357	8,793	6,016	56,128	51,848
	22,482	12,247	47,111	23,824	(24,629)	(11,577)	13,930	5,327	1,525,550	1,479,342
<b>Total functions and activities</b>	<b>198,946</b>	<b>175,820</b>	<b>157,888</b>	<b>149,404</b>	<b>41,058</b>	<b>26,416</b>	<b>50,452</b>	<b>29,066</b>	<b>1,866,992</b>	<b>1,779,902</b>

## B1-2 Components of functions or activities

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

### A HARMONIOUS AND PROUD COMMUNITY WITH STRONG SOCIAL SERVICES AND INFRASTRUCTURE

- We create and support events that celebrate community and cultural identity and benefit the economy.
- Affordable and quality housing options are available.
- The community is socially and culturally connected.
- Diverse, vibrant community facilities and spaces are connected, well maintained and accessible.
- The community is safe and healthy.

### QUALITY, WELL PLANNED DEVELOPMENT

- Sustainable development delivers better amenity and liveability of the community and the environment.
- The community helps to plan the LGA's future.
- Council-led development and assets provide quality, long-term benefits to everyone.

### A DIVERSE AND PRODUCTIVE ECONOMY

- Local businesses are supported to help protect jobs and create employment opportunities.
- Outcomes from an Employment Lands Study ensure sufficient land is available for future employment growth.
- The ambitions for Hurstville and Kogarah as strategic centres are realised.

### A PROTECTED ENVIRONMENT AND GREEN OPEN SPACES

- Council's environmentally sustainable practices inspire everyone to protect and nurture the natural environment.
- The LGA's waterways are healthy and accessible.
- Everyone has access to beautiful parks and open spaces.
- Local heritage is protected and promoted.

### LEADERSHIP AND TRANSPARENCY

- The community is involved and listened to.
- Open, informed and transparent decision-making supports the interests of the community.
- Leadership focuses on innovation and improving the customer experience.
- Council's assets and resources are managed responsibly and with accountability.
- The workforce is inspiring, diverse and engaged.
- Council has a regional-approach to service delivery and facilities.

### ACTIVE AND ACCESSIBLE PLACES AND SPACES

- The LGA has a range of transport options to connect people, goods and businesses.
- Roads, footpaths and cycleways are safe, accessible and free of congestion.
- Everyone, including people with disability, navigates the LGA in safety.
- Everyone has access to a range of active and passive recreation facilities.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	67,388	64,443
Business	12,111	9,929
Less: pensioner rebates	(1,213)	(1,217)
<b>Rates levied to ratepayers</b>	<b>78,286</b>	<b>73,155</b>
Pensioner rate subsidies received	622	636
<b>Total ordinary rates</b>	<b>78,908</b>	<b>73,791</b>
<b>Special rates</b>		
Town improvement	–	(26)
<b>Rates levied to ratepayers</b>	<b>–</b>	<b>(26)</b>
<b>Total special rates</b>	<b>–</b>	<b>(26)</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	27,591	27,324
Stormwater management services	1,218	1,216
Waste management services (non-domestic)	1,880	1,803
Section 611 charges	73	76
Less: pensioner rebates	(493)	(522)
<b>Annual charges levied</b>	<b>30,269</b>	<b>29,897</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	307	328
<b>Total annual charges</b>	<b>30,576</b>	<b>30,225</b>
<b>Total rates and annual charges</b>	<b>109,484</b>	<b>103,990</b>

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

#### Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Waste management services (non-domestic)	1	–	7
<b>Total specific user charges</b>		<b>–</b>	<b>7</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	4,004	3,541
Regulatory fees	2	614	559
Section 10.7 certificates (EP&A Act)	2	330	347
Section 603 certificates	2	229	245
<b>Total fees and charges – statutory/regulatory</b>		<b>5,177</b>	<b>4,692</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Child care	1	3,149	2,702
Leaseback fees – Council vehicles	1	363	364
Leisure centre	1	1,450	1,042
Restoration charges	2	935	1,177
Golf course	1	358	507
Library	2	62	29
Parks income	1	602	599
Public halls	1	976	443
Tennis courts	1	91	108
Premium Facility – Netstrata Jubilee Stadium	2	1,167	960
Other	2	177	129
<b>Total fees and charges – other</b>		<b>9,330</b>	<b>8,060</b>
<b>Total other user charges and fees</b>		<b>14,507</b>	<b>12,752</b>
<b>Total user charges and fees</b>		<b>14,507</b>	<b>12,759</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		6,989	5,772
User charges and fees recognised at a point in time (2)		7,518	6,987
<b>Total user charges and fees</b>		<b>14,507</b>	<b>12,759</b>

### Accounting policy

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

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

Where an upfront fee is charged such as joining fees for the leisure centre 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 over the term of the licence.

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Rental income – investment property	1	1,787	1,762
Rental income – other council properties	1	3,723	3,153
Fines	2	321	439
Fines – parking	2	6,415	5,870
Legal fees recovery – rates and charges (extra charges)	2	307	267
Legal fees recovery – other	2	748	278
Commissions and agency fees	2	215	290
Diesel rebate	2	22	21
Insurance claims recoveries	2	1,370	163
Energy savings certificates	2	388	–
Sponsorships	1	153	152
Credit card surcharge	2	101	18
Tree management income	2	219	163
Lease rental income	2	49	89
Other	2	180	233
<b>Total other revenue</b>		<b>15,998</b>	<b>12,898</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		5,663	5,067
Other revenue recognised at a point in time (2)		10,335	7,831
<b>Total other revenue</b>		<b>15,998</b>	<b>12,898</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	2	1,354	2,350	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	5,309	3,614	–	–
<b>Amount recognised as income during current year</b>		<b>6,663</b>	<b>5,964</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Child care	1	4,640	4,511	–	–
Environmental programs	1	634	282	22	147
Library	1	548	481	158	52
LIRS subsidy	1	3	11	–	–
Storm/flood damage	1	2,000	–	–	–
Waste management	1	100	169	–	–
Parks	1	–	–	2,066	152
Stronger communities fund	1	–	–	3,044	628
Community services	1	360	628	2,350	–
Street lighting	1	349	456	–	–
Transport (roads to recovery)	1	703	706	–	–
Transport (other roads and bridges funding)	1	110	67	–	–
COVID-19 Pandemic Support	1	–	250	–	–
Other specific grants	1	74	24	–	10
Kerb and gutter	1	–	–	3	–
Transport for NSW contributions (regional roads, block grant)	1	469	462	1,197	767
Other contributions	1	109	163	377	–
Parks – contribution by sporting club	1	–	–	–	723
DCP and LEP Strategic Planning	1	27	56	–	–
Local Road and Community Infrastructure Grant	1	–	–	2,394	2,151
Information Management Technology	1	344	–	–	–
Stormwater drainage	1	80	–	–	–
RLRRP transport grant	1	4,306	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>14,856</b>	<b>8,266</b>	<b>11,611</b>	<b>4,630</b>
<b>Non-cash contributions</b>					
Dedications	2	–	–	230	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>230</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>14,856</b>	<b>8,266</b>	<b>11,841</b>	<b>4,630</b>
<b>Total grants and non-developer contributions</b>		<b>21,519</b>	<b>14,230</b>	<b>11,841</b>	<b>4,630</b>
<b>Comprising:</b>					
– Commonwealth funding		7,509	6,683	2,835	2,779
– State funding		13,914	7,278	8,398	1,198
– Other funding		96	269	608	653
		<b>21,519</b>	<b>14,230</b>	<b>11,841</b>	<b>4,630</b>

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	<b>Operating 2023</b>	Operating 2022	<b>Capital 2023</b>	Capital 2022
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	F5					
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	–	1,640
S 7.11 – contributions towards amenities/services		2	–	–	<b>17,092</b>	8,471
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>17,092</b>	<b>10,111</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	–	95
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>95</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>17,092</b>	<b>10,206</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>17,092</b>	<b>10,206</b>
<b>Total grants and contributions</b>			<b>21,519</b>	<b>14,230</b>	<b>28,933</b>	<b>14,836</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>14,856</b>	8,267	<b>11,611</b>	4,628
Grants and contributions recognised at a point in time (2)			<b>6,663</b>	5,963	<b>17,322</b>	10,208
<b>Total grants and contributions</b>			<b>21,519</b>	<b>14,230</b>	<b>28,933</b>	<b>14,836</b>

## 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 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,311	799	86,733	75,852
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,116	–	17,093	10,112
<b>Add:</b> Funds received and not recognised as revenue in the current year	94	1,980	5,765	5,329
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	(3,269)	(2,161)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2,233)	(468)	(4,055)	(2,399)
<b>Unspent funds at 30 June</b>	<b>4,288</b>	<b>2,311</b>	<b>102,267</b>	<b>86,733</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

#### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

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

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

#### Developer contributions

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

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

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

## B2-4 Grants and contributions (continued)

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### **Other grants and contributions**

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	222	198
– Cash and investments	6,266	1,398
Dividend income from investments at fair value through profit or loss	843	–
<b>Total interest and investment income (losses)</b>	<b>7,331</b>	<b>1,596</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	161	143
General Council cash and investments	3,644	586
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	2,392	510
– Section 7.4 VPAs	360	92
Domestic waste management operations	668	214
Other externally restricted assets Town Improvement Rates	63	25
Other externally restricted assets Stormwater Management	3	2
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	40	24
<b>Total interest and investment income</b>	<b>7,331</b>	<b>1,596</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		1,073	7,953
<b>Total fair value increment on investment properties</b>	C1-7	<b>1,073</b>	<b>7,953</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		101	8
<b>Total Fair value increment on investments</b>		<b>101</b>	<b>8</b>
<b>Total other income</b>		<b>1,174</b>	<b>7,961</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	47,261	46,339
Employee termination costs (where material – other than vested leave paid)	408	2,308
Travel expenses	452	532
Employee leave entitlements (ELE)	5,594	4,620
Superannuation	5,040	4,659
Superannuation – defined benefit plans	481	612
Workers' compensation insurance	1,264	1,064
Fringe benefit tax (FBT)	252	89
Training costs (other than salaries and wages)	381	450
Other	–	3
<b>Total employee costs</b>	<b>61,133</b>	<b>60,676</b>
Less: capitalised costs	(1,059)	(1,015)
<b>Total employee costs expensed</b>	<b>60,074</b>	<b>59,661</b>
Number of 'full-time equivalent' employees (FTE) at year end	548	528

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		2,756	2,057
Contractor and consultancy costs – waste services		22,749	22,465
Contractor and consultancy costs – contractors (various services)		10,271	10,205
Contractor and consultancy costs – consultancy costs		2,054	1,797
Audit Fees	E2-1	160	150
Councillor and Mayoral fees and associated expenses	E1-2	559	547
Advertising		199	143
Bank charges		90	90
Election expenses		11	758
Electricity and heating		1,308	1,045
Insurance		1,826	1,903
Postage		284	257
Printing and stationery		281	291
Street lighting		2,182	1,864
Telephone and communications		326	507
Valuation fees		368	289
Catering food and beverage		319	197
Commission charges		1,345	1,262
Exhibitions, festivals and events		1,576	1,755
Property expenses – utilities		1,036	594
Property expenses – other		6,250	5,112
Memberships and subscriptions		594	550
Other recruitment and staff well being		197	68
<b>Legal expenses:</b>			
– Legal expenses: planning and development		60	71
– Legal expenses: other		2,368	1,955
Expenses from leases of low value assets		374	355
IT expenses		3,677	3,409
Motor vehicle expenses		1,341	1,163
Disaster Recovery Works		454	–
Asset Equipment Purchases (non-capitalised)		142	257
Maintenance of Library Assets & Processing		155	141
Other maintenance of assets		36	16
Other		170	154
<b>Total materials and services</b>		<b>65,518</b>	<b>61,427</b>
<b>Total materials and services</b>		<b>65,518</b>	<b>61,427</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2023	2022
<b>(i) Interest bearing liability costs</b>		
Interest on leases	1	2
Interest on loans	1	9
<b>Total interest bearing liability costs</b>	<b>2</b>	<b>11</b>
<b>Total interest bearing liability costs expensed</b>	<b>2</b>	<b>11</b>
<b>Total borrowing costs expensed</b>	<b>2</b>	<b>11</b>

### Accounting policy

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

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

\$ '000	Notes	2023	2022 Restated
<b>Depreciation and amortisation</b>			
Plant and equipment		2,172	1,903
Office equipment		306	532
Furniture and fittings		255	260
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		3,020	2,852
– Buildings – specialised		2,651	3,087
– Roads		7,409	7,634
– Footpaths		1,398	1,386
– Stormwater drainage		1,403	1,390
– Open space and other structures		7,495	3,857
Right of use assets	C2-1	44	46
<b>Other assets:</b>			
– Library books		347	334
Intangible assets	C1-8	105	407
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>26,605</b>	<b>23,688</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
Other		(976)	1,412
<b>Total impairment of receivables</b>	C1-4	<b>(976)</b>	<b>1,412</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		–	246
<b>Total Fair value decrement on investments</b>	C1-2	<b>–</b>	<b>246</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Department of planning levy		318	313
– Emergency services levy (includes FRNSW, SES, and RFS levies)		2,693	1,917
– Other contributions/levies		–	1
Donations, contributions and assistance to other organisations (Section 356)		801	728
<b>Total other</b>		<b>3,812</b>	<b>2,959</b>
<b>Total other expenses</b>		<b>2,836</b>	<b>4,617</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(43)	–
<b>Gain (or loss) on disposal</b>		<b>(43)</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment		628	1,100
Less: carrying amount of plant and equipment assets sold/written off		(133)	(336)
<b>Gain (or loss) on disposal</b>		<b>495</b>	<b>764</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure		–	240
Less: carrying amount of infrastructure assets sold/written off		(3,117)	–
<b>Gain (or loss) on disposal</b>		<b>(3,117)</b>	<b>240</b>
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemptions/maturities – investments		89,263	74,532
Less: carrying amount of investments sold/redeemed/matured		(89,267)	(74,564)
<b>Gain (or loss) on disposal</b>		<b>(4)</b>	<b>(32)</b>
<b>Gain (or loss) on disposal of intangible assets</b>			
Less: carrying amount of intangible assets sold/written off	C1-8	(157)	–
<b>Gain (or loss) on disposal</b>		<b>(157)</b>	<b>–</b>
<b>Office Equipment</b>			
Proceeds from disposal – Office equipment		6	2
Less: carrying amount of Office equipment assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>6</b>	<b>2</b>
<b>Library Collection</b>			
Proceeds from disposal – Library collection		–	–
Less: carrying amount of Library collection assets sold/written off		(33)	(28)
<b>Gain (or loss) on disposal</b>		<b>(33)</b>	<b>(28)</b>
<b>Land</b>			
Proceeds from disposal – Land		–	11,110
Less: carrying amount of Land assets sold/written off		–	(4,506)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>6,604</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(2,853)</b>	<b>7,550</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	107,698	109,484	1,786	2% <b>F</b>
<b>User charges and fees</b>	15,843	14,507	(1,336)	(8)% <b>U</b>
Development & Building revenue was down due to lower than expected demand for services in 2022/23.				
<b>Other revenues</b>	13,447	15,998	2,551	19% <b>F</b>
Increased income from Carparking and Other Regulatory Fines, and Fair Value Adjustments for Investment Properties.				
<b>Operating grants and contributions</b>	13,801	21,519	7,718	56% <b>F</b>
Received an early payment of the entire 2023/24 Financial Assistance Grant in June 2023.				
<b>Capital grants and contributions</b>	16,372	28,933	12,561	77% <b>F</b>
Higher than anticipated Section 94 Contributions, particularly in Open Space and Recreation Contribution plans.				
<b>Interest and investment revenue</b>	1,761	7,331	5,570	316% <b>F</b>
Higher than anticipated returns on investments due to increases in the cash rate by the Reserve Bank.				
<b>Net gains from disposal of assets</b>	241	-	(241)	(100)% <b>U</b>
Losses occurred as a result of write-offs to the values of assets within Roads, Bridges and Footpaths and Open Space and Recreation.				
<b>Other income</b>	-	1,174	1,174	∞ <b>F</b>
Insurance claim received for damage to Council Civic Building, which offset some expenditure in Materials and Services.				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	62,631	60,074	2,557	4%	F
Under budget due to a number of vacancies throughout the year.					
<b>Materials and services</b>	59,209	65,518	(6,309)	(11)%	U
Unbudgeted costs for Insurance work done to repair damage to Council Civic Building (offset by Insurance Claim revenue); Higher than anticipated spend on Legal costs in Class 1 and Class 4 Appeals.					
<b>Borrowing costs</b>	5	2	3	60%	F
Savings were due to a loan being fully repaid midway through the year.					
<b>Depreciation, amortisation and impairment of non-financial assets</b>	25,692	26,605	(913)	(4)%	U
<b>Other expenses</b>	4,042	2,836	1,206	30%	F
A \$1 million write down in the provision for doubtful debts occurred for 2022/23 as a number of debts were written off during the year. The corresponding credit to this transaction shows as a reduction in doubtful debts expense within other expenses.					
<b>Net losses from disposal of assets</b>	-	2,853	(2,853)	∞	U
Losses occurred as a result of write-offs to the values of assets within Roads, Bridges and Footpaths and Open Space and Recreation.					
<b>Statement of cash flows</b>					
<b>Cash flows from operating activities</b>	46,428	63,446	17,018	37%	F
<b>Cash flows from investing activities</b>	(39,399)	(61,184)	(21,785)	55%	U
<b>Cash flows from financing activities</b>	(125)	(170)	(45)	36%	U

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	24,417	19,443
Cash equivalent assets		
– Deposits at call	2,208	5,090
<b>Total cash and cash equivalents</b>	<b>26,625</b>	<b>24,533</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	26,625	24,533
<b>Balance as per the Statement of Cash Flows</b>	<b>26,625</b>	<b>24,533</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Floating Rate Notes (with maturities > 3 months)	2,000	39,445	23,248	–
<b>Total</b>	<b>2,000</b>	<b>39,445</b>	<b>23,248</b>	<b>–</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	65,000	94,000	89,013	51,000
<b>Total</b>	<b>65,000</b>	<b>94,000</b>	<b>89,013</b>	<b>51,000</b>
<b>Total financial investments</b>	<b>67,000</b>	<b>133,445</b>	<b>112,261</b>	<b>51,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>93,625</b>	<b>133,445</b>	<b>136,794</b>	<b>51,000</b>

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

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 trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

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

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

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in Floating Rate Notes (FRNs) and Negotiable Certificate of Deposits (NCDs) in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>227,070</b>	187,794
Less: Externally restricted cash, cash equivalents and investments	<u>(136,970)</u>	<u>(115,976)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>90,100</b>	71,818
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>11,831</u>	8,143
<b>External restrictions – included in liabilities</b>	<b>11,831</b>	8,143
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<u>98,848</u>	82,270
Environmental and stormwater levies	<u>2,097</u>	1,897
Town improvement levy	<u>2,172</u>	2,234
Special rate levy	<u>382</u>	519
Domestic waste management	<u>21,640</u>	20,913
<b>External restrictions – other</b>	<b>125,139</b>	107,833
<b>Total external restrictions</b>	<b>136,970</b>	115,976

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	2023	2022
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>90,100</b>	71,818
Less: Internally restricted cash, cash equivalents and investments	<u>(72,352)</u>	<u>(61,818)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>17,748</b>	10,000
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<u>7,038</u>	7,884
Employees leave entitlement	<u>6,126</u>	6,126
Deposits, retentions and bonds	<u>4,240</u>	4,240
Childcare equipment	<u>956</u>	956
Election reserve	<u>1,812</u>	1,823
Hurstville golf course	<u>112</u>	112
Asset management	<u>15,289</u>	6,514
Commercial property	<u>20,166</u>	20,279
Strategic centres	<u>5,743</u>	5,743
Financial assistance grant	<u>5,309</u>	3,614
Revolving Energy	<u>105</u>	69
Tree Preservation	<u>1,011</u>	606
Stronger communities fund	<u>–</u>	1,790

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

<b>\$ '000</b>	<b>2023</b>	2022
Aquatic facilities	58	115
Merger Initiatives Allocation	1,388	1,388
Outdoor Synthetic Sports Fields	114	114
Heritage Building Grants Program	23	67
Street Lighting	179	179
Passenger Sustainable Fleet	31	31
Waste Strategy Implementation	2,550	168
Net Zero Emissions	102	–
<b>Total internal allocations</b>	<b>72,352</b>	<b>61,818</b>

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

<b>\$ '000</b>	<b>2023</b>	2022
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>17,748</b>	<b>10,000</b>

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	4,346	–	4,097	–
Interest and extra charges	667	–	620	–
User charges and fees	2,967	–	3,842	–
Contributions to works	1	–	1	–
Accrued revenues				
– Interest on investments	2,006	–	604	–
– Other income accruals	1,658	–	779	–
Government grants and subsidies	132	–	125	–
Net GST receivable	1,013	–	1,469	–
Other debtors	2	–	2	–
<b>Total</b>	<b>12,792</b>	<b>–</b>	<b>11,539</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Debtors	(403)	–	(2,022)	–
<b>Total provision for impairment – receivables</b>	<b>(403)</b>	<b>–</b>	<b>(2,022)</b>	<b>–</b>
<b>Total net receivables</b>	<b>12,389</b>	<b>–</b>	<b>9,517</b>	<b>–</b>
<b>Externally restricted receivables</b>				
Domestic waste management	1,175	–	1,106	–
Town improvement	(7)	–	(6)	–
Stormwater management	29	–	24	–
<b>Total external restrictions</b>	<b>1,197</b>	<b>–</b>	<b>1,124</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>11,192</b>	<b>–</b>	<b>8,393</b>	<b>–</b>
<b>Total net receivables</b>	<b>12,389</b>	<b>–</b>	<b>9,517</b>	<b>–</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	2,022	617
+ new provisions recognised during the year	150	1,706
– amounts already provided for and written off this year	(642)	(8)
– amounts provided for but recovered during the year	(1,127)	(293)
<b>Balance at the end of the year</b>	<b>403</b>	<b>2,022</b>

## C1-4 Receivables (continued)

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### Accounting policy

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

### Impairment

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

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

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

The Council uses the presumption 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.

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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.

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	82	-	98	-
<b>Total inventories at cost</b>	<b>82</b>	<b>-</b>	<b>98</b>	<b>-</b>
<b>Total inventories</b>	<b>82</b>	<b>-</b>	<b>98</b>	<b>-</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	16,804	–	16,804	2,945	7,419	–	–	(5,336)	193	–	–	22,025	–	22,025
Plant and equipment	22,769	(13,574)	9,195	–	1,068	(133)	(2,172)	340	17	–	1,179	18,563	(9,070)	9,493
Office equipment	5,671	(5,273)	398	–	97	–	(306)	–	–	–	–	5,768	(5,579)	189
Furniture and fittings	4,576	(3,159)	1,417	–	–	–	(255)	–	–	–	–	4,576	(3,414)	1,162
<b>Land:</b>														
– Operational land	344,027	–	344,027	–	1,743	–	–	–	(1,400)	(5,290)	–	339,081	–	339,081
– Community land	135,674	–	135,674	–	230	–	–	–	758	–	17,073	153,735	–	153,735
– Council controlled land	27,227	–	27,227	–	–	–	–	–	642	–	2,318	30,187	–	30,187
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	727	–	727
<b>Infrastructure:</b>														
– Buildings – non-specialised	156,481	(40,738)	115,743	19	1,585	(17)	(3,020)	2,747	96	–	15,727	181,421	(48,541)	132,880
– Buildings – specialised	152,369	(42,897)	109,472	–	–	(26)	(2,651)	–	–	–	15,759	173,286	(50,732)	122,554
– Roads	563,922	(136,732)	427,190	6,530	490	(1,828)	(7,409)	260	1,782	(54,010)	–	576,727	(203,722)	373,005
– Footpaths	110,615	(54,363)	56,252	762	–	(389)	(1,398)	2	81	–	3,149	116,700	(58,242)	58,458
– Bulk earthworks (non-depreciable)	138,761	–	138,761	882	–	–	–	–	23	–	32,496	172,162	–	172,162
– Stormwater drainage	162,155	(77,763)	84,392	974	–	(5)	(1,403)	115	(504)	–	8,676	182,928	(90,685)	92,243
– Open space and other structures <sup>2</sup>	126,542	(41,459)	85,083	415	821	(894)	(7,495)	1,872	(1,817)	–	10,001	148,416	(60,433)	87,983
<b>Other assets:</b>														
– Library books	3,378	(2,511)	867	–	373	(33)	(347)	–	–	–	8	3,397	(2,530)	867
<b>Total infrastructure, property, plant and equipment</b>	<b>1,971,698</b>	<b>(418,469)</b>	<b>1,553,229</b>	<b>12,527</b>	<b>13,826</b>	<b>(3,325)</b>	<b>(26,456)</b>	<b>–</b>	<b>(129)</b>	<b>(59,300)</b>	<b>106,386</b>	<b>2,129,699</b>	<b>(532,948)</b>	<b>1,596,751</b>

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

(2) Open Space and Other Structures asset categories have been merged into the one category as they contain assets of a similar nature.

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>														
Capital work in progress	36,629	–	36,629	2,238	5,787	–	–	(27,119)	(731)	–	–	16,804	–	16,804
Plant and equipment	21,327	(14,063)	7,264	–	3,998	(287)	(1,903)	123	–	–	–	22,769	(13,574)	9,195
Office equipment	5,671	(4,741)	930	–	–	–	(532)	–	–	–	–	5,671	(5,273)	398
Furniture and fittings	4,576	(2,899)	1,677	–	–	–	(260)	–	–	–	–	4,576	(3,159)	1,417
<b>Land:</b>														
– Operational land	227,173	–	227,173	–	–	(4,506)	–	–	–	–	121,361	344,027	–	344,027
– Community land	135,579	–	135,579	–	95	–	–	–	–	–	–	135,674	–	135,674
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	727	–	727
– Council controlled land	27,227	–	27,227	–	–	–	–	–	–	–	–	27,227	–	27,227
<b>Infrastructure:</b>														
– Buildings – non-specialised	130,412	(40,946)	89,466	269	1,004	–	(2,852)	13,940	–	–	13,917	156,481	(40,738)	115,743
– Buildings – specialised	143,490	(47,311)	96,179	–	–	–	(3,087)	–	–	–	16,379	152,369	(42,897)	109,472
– Roads	582,728	(160,852)	421,876	4,028	277	–	(7,634)	233	–	–	8,409	563,922	(136,732)	427,190
– Footpaths	109,661	(41,696)	67,965	164	572	–	(1,386)	2,941	–	(14,004)	–	110,615	(54,363)	56,252
– Bulk earthworks (non-depreciable)	112,315	–	112,315	–	–	–	–	–	–	–	26,446	138,761	–	138,761
– Stormwater drainage	160,773	(77,183)	83,590	540	110	–	(1,390)	2	–	–	1,540	162,155	(77,763)	84,392
– Other open space/recreational assets	112,711	(43,229)	69,482	809	1,879	–	(3,857)	9,880	–	–	6,890	126,542	(41,459)	85,083
<b>Other assets:</b>														
– Library books	3,429	(2,532)	897	–	372	(27)	(334)	–	–	(39)	–	3,378	(2,511)	867
– Other	444	(395)	49	–	–	(49)	–	–	–	–	–	–	–	–
<b>Total infrastructure, property, plant and equipment</b>	<b>1,814,872</b>	<b>(435,847)</b>	<b>1,379,025</b>	<b>8,048</b>	<b>14,094</b>	<b>(4,869)</b>	<b>(23,235)</b>	<b>–</b>	<b>(731)</b>	<b>(14,043)</b>	<b>194,942</b>	<b>1,971,698</b>	<b>(418,469)</b>	<b>1,553,229</b>

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

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

### Accounting policy

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

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. 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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	2 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	2 to 4		
Vehicles	3 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	3 to 30	Buildings: masonry	50 to 150
Other plant and equipment	3 to 20	Buildings: other	15 to 60
		<b>Stormwater assets</b>	
<b>Transportation assets</b>		Drains	80 to 150
Sealed roads: surface	25 to 40	Culverts	20 to 150
Sealed roads: structure	50 to 100	Flood control structures	80 to 100
Unsealed roads	20		
Bridge: concrete	100	<b>Other infrastructure assets</b>	
Bridge: other	50	Bulk earthworks	Infinite
Road pavements	60 to 80	Swimming pools	50 to 75
Kerb, gutter and footpaths	30 to 100	Other open space/recreational assets	5 to 150
		Other infrastructure	5 to 100

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

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

### 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.

## C1-7 Investment properties

\$ '000	2023	2022
<b>Owned investment property</b>		
Investment property on hand at fair value	29,026	27,953
<b>Total owned investment property</b>	<b>29,026</b>	<b>27,953</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	27,953	20,000
Net gain/(loss) from fair value adjustments	1,073	7,953
<b>Closing balance at 30 June</b>	<b>29,026</b>	<b>27,953</b>

### Accounting policy

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

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

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	552	4,297
Accumulated amortisation	(290)	(3,396)
<b>Net book value – opening balance</b>	<b>262</b>	<b>901</b>
<b>Movements for the year</b>		
Amortisation charges	(105)	(407)
Gross book value written off <sup>1</sup>	(552)	(3,745)
Accumulated amortisation charges written off	395	3,513
<b>Closing values at 30 June</b>		
Gross book value	–	552
Accumulated amortisation	–	(290)
<b>Total software – net book value</b>	<b>–</b>	<b>262</b>
<b>Total intangible assets – net book value</b>	<b>–</b>	<b>262</b>

(1) Previously capitalised software has been derecognised as an intangible asset due to the operational nature of the original transactions.

### Accounting policy

#### Software

Costs incurred in developing products or 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 and systems.

Costs capitalised include external direct costs of materials and services, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. Software 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.

## C1-9 Other

### Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	1,605	–	951	–
<b>Total other assets</b>	<b>1,605</b>	<b>–</b>	<b>951</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

#### IT equipment

Leases for IT equipment are generally for low value assets, except for significant items such as photocopiers and servers. The leases are for between 2 and 5 years, the payments are fixed, and there is a renewal option. Due to advances in technology, it is unlikely that Council would renew the leases at the end of the term.

#### (a) Right of use assets

\$ '000	IT Equipment	Total
<b>2023</b>		
Opening balance at 1 July	98	98
<b>Additions to right-of-use assets</b>	<b>13</b>	<b>13</b>
Depreciation charge	(44)	(44)
<b>Balance at 30 June</b>	<b>68</b>	<b>68</b>
<b>2022</b>		
Opening balance at 1 July	119	119
Additions to right-of-use assets	25	25
Depreciation charge	(46)	(46)
<b>Balance at 30 June</b>	<b>98</b>	<b>98</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities <sup>1</sup>	38	28	44	53
<b>Total lease liabilities</b>	<b>38</b>	<b>28</b>	<b>44</b>	<b>53</b>

(1) All lease liabilities are in relation to IT equipment right of use assets

#### (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	Total	Total per Statement of Financial Position
<b>2023</b>				
Cash flows	38	28	66	66
<b>2022</b>				
Cash flows	45	52	97	97

## C2-1 Council as a lessee (continued)

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	1	2
Depreciation of right of use assets	44	46
Expenses relating to low-value leases	374	355
	<b>419</b>	<b>403</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	(419)	(403)
	<b>(419)</b>	<b>(403)</b>

### Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. 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; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Council's service delivery objective (refer note C1-8).

\$ '000	2023	2022
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#### (i) Assets held as investment property

Investment property operating leases relate to commercial investment properties located in the Georges River Council area, leased to tenants under long-term operating leases.

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)	1,787	1,762
Lease income relating to variable lease payments not dependent on an index or a rate	12	7
<b>Total income relating to operating leases for investment property assets</b>	<b>1,799</b>	<b>1,769</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	544	619
<b>Total expenses relating to operating leases</b>	<b>544</b>	<b>619</b>

#### Repairs and maintenance: investment property

Other	180	208
<b>Total repairs and maintenance: investment property</b>	<b>180</b>	<b>208</b>

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of generating property rental income to assist in funding services for the community, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	2,255	2,157
<b>Total income relating to operating leases for Council assets</b>	<b>2,255</b>	<b>2,157</b>

#### Amount of IPPE leased out by Council under operating leases

Buildings	63,947	60,681
<b>Total amount of IPPE leased out by Council under operating leases</b>	<b>63,947</b>	<b>60,681</b>

#### Reconciliation of IPPE assets leased out as operating leases

\$ '000	2023	2022
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#### (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	2,232	2,342
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**C2-2 Council as a lessor (continued)**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
1–2 years	<b>1,732</b>	2,154
2–3 years	<b>1,371</b>	1,651
3–4 years	<b>1,151</b>	1,287
4–5 years	<b>568</b>	1,073
> 5 years	<b>5,145</b>	5,446
<b>Total undiscounted lease payments to be received</b>	<b>12,199</b>	13,953

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	1,542	–	3,507	–
Goods and services – capital expenditure	1,557	–	300	–
Prepaid rates	979	–	869	–
Accrued expenses:				
– Salaries and wages	1,135	–	857	–
– Other expenditure accruals	9,710	–	7,216	–
Security bonds, deposits and retentions	11,327	–	10,550	–
ATO fringe benefits tax	50	–	15	–
Other	2,187	–	2,698	–
<b>Total payables</b>	<b>28,487</b>	<b>–</b>	<b>26,012</b>	<b>–</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	9,311	7,747
<b>Total payables</b>	<b>9,311</b>	<b>7,747</b>

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,528	-	8,876	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	186	-	2,311	-
<b>Total grants received in advance</b>		<b>7,714</b>	<b>-</b>	<b>11,187</b>	<b>-</b>
Other - Prepaid Income		589	-	300	-
<b>Total contract liabilities</b>		<b>8,303</b>	<b>-</b>	<b>11,487</b>	<b>-</b>

### Notes

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

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	7,099	2,777
Operating grants (received prior to performance obligation being satisfied)	2,333	350
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>9,432</b>	<b>3,127</b>

### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

## C3-3 Borrowings

\$ '000	2023		2022	2022
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	–	–	125	–
<b>Total borrowings</b>	<b>–</b>	<b>–</b>	<b>125</b>	<b>–</b>

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

### Borrowings relating to restricted assets

\$ '000	2023		2022	2022
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to unrestricted assets</b>	<b>–</b>	<b>–</b>	<b>125</b>	<b>–</b>
<b>Total borrowings</b>	<b>–</b>	<b>–</b>	<b>125</b>	<b>–</b>

### (a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements	2023
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	125	(125)	–	–
Lease liability (Note C2-1b)	97	(31)	–	66
<b>Total liabilities from financing activities</b>	<b>222</b>	<b>(156)</b>	<b>–</b>	<b>66</b>

\$ '000	2021		Non-cash movements	2022
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	625	(500)	–	125
Lease liability (Note C2-1b)	118	(21)	–	97
<b>Total liabilities from financing activities</b>	<b>743</b>	<b>(521)</b>	<b>–</b>	<b>222</b>

### (b) Financing arrangements

\$ '000	2023	2022
	<b>Total facilities</b>	
Bank overdraft facilities <sup>1</sup>	–	500
Credit cards/purchase cards	250	250
Other - Bank Guarantee	1,310	1,310
<b>Total financing arrangements</b>	<b>1,560</b>	<b>2,060</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	34	36
– Other - Bank Guarantee	410	410
<b>Total drawn financing arrangements</b>	<b>444</b>	<b>446</b>

**C3-3 Borrowings (continued)**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	–	500
– Credit cards/purchase cards	<b>216</b>	214
– Other - Bank Guarantee	<b>900</b>	900
<b>Total undrawn financing arrangements</b>	<b>1,116</b>	<b>1,614</b>

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

**Accounting policy**

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

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

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

## C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	4,206	–	4,500	–
Sick leave	138	–	149	–
Long service leave	7,461	468	7,294	531
Other leave – RDO and TOIL	236	–	228	–
<b>Total employee benefit provisions</b>	<b>12,041</b>	<b>468</b>	<b>12,171</b>	<b>531</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,128	6,053
	<b>6,128</b>	<b>6,053</b>

### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2023</b>					
At beginning of year	4,500	149	7,825	228	12,702
Additional provisions	3,815	3	1,790	204	5,812
Amounts used (payments)	(4,107)	(11)	(1,304)	(198)	(5,620)
Remeasurement effects	(2)	(3)	(149)	2	(152)
Other – LSL Receipts	–	–	(233)	–	(233)
<b>Total ELE provisions at end of year</b>	<b>4,206</b>	<b>138</b>	<b>7,929</b>	<b>236</b>	<b>12,509</b>
<b>2022</b>					
At beginning of year	4,798	333	9,636	224	14,991
Additional provisions	3,751	4	1,616	191	5,562
Amounts used (payments)	(3,970)	(159)	(2,595)	(186)	(6,910)
Remeasurement effects	(79)	(29)	(704)	(1)	(813)
Other – LSL Receipts	–	–	(128)	–	(128)
<b>Total ELE provisions at end of year</b>	<b>4,500</b>	<b>149</b>	<b>7,825</b>	<b>228</b>	<b>12,702</b>

### Accounting policy

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

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### C3-4 Employee benefit provisions (continued)

the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### On-costs

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

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

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

### C3-5 Provisions

\$ '000	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
<b>Other provisions</b>				
Other - Workers Compensation	267	10	212	10
Other	–	–	52	–
<b>Sub-total – other provisions</b>	<b>267</b>	<b>10</b>	<b>264</b>	<b>10</b>
<b>Total provisions</b>	<b>267</b>	<b>10</b>	<b>264</b>	<b>10</b>

### Description of and movements in provisions

#### Nature and purpose of provisions

##### Other - Workers Compensation

To recognise liabilities for Workers Compensation expense in relation to the Employee Benefits provisions.

##### Other

To recognise liabilities for planned redundancies.

#### Accounting policy

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that 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 by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

#### (a) Market risk – interest rate and price risk

\$ '000	2023	2022
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	2,271	1,878
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,145	2,325

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

### (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.

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

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

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

#### Credit risk profile

##### 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 < 5 years	≥ 5 years	Total
<b>2023</b>				
Gross carrying amount	–	4,346	–	4,346
<b>2022</b>				
Gross carrying amount	–	4,097	–	4,097

##### Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	5,803	213	283	272	1,875	8,446
<b>2022</b>						
Gross carrying amount	4,638	643	479	245	1,437	7,442

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

### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances. Council has been proactive in managing cashflow during the COVID-19 pandemic by improving the debt recovery processes in both rates receivables and sundry debtors. Council also sold some property to increase its cash reserves. Council will continue to monitor cash flow requirements closely as it is unclear how the COVID-19 pandemic will impact customers ability to pay their debts in full and on time.

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(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>							
Payables	0.00%	11,327	17,160	-	-	28,487	28,487
<b>Total financial liabilities</b>		<b>11,327</b>	<b>17,160</b>	<b>-</b>	<b>-</b>	<b>28,487</b>	<b>28,487</b>
<b>2022</b>							
Payables	0.00%	10,550	15,462	-	-	26,012	26,012
Borrowings	3.55%	-	129	-	-	129	125
<b>Total financial liabilities</b>		<b>10,550</b>	<b>15,591</b>	<b>-</b>	<b>-</b>	<b>26,141</b>	<b>26,137</b>

## 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.

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability.

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		–	–	41,445	23,248	41,445	23,248
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>41,445</b>	<b>23,248</b>	<b>41,445</b>	<b>23,248</b>
<b>Investment property</b>							
Properties held with the primary purpose of external lease	C1-7	29,026	27,953	–	–	29,026	27,953
<b>Total investment property</b>		<b>29,026</b>	<b>27,953</b>	<b>–</b>	<b>–</b>	<b>29,026</b>	<b>27,953</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-6	–	–	9,493	9,195	9,493	9,195
Office equipment		–	–	189	398	189	398
Furniture and fittings		–	–	1,162	1,417	1,162	1,417
Operational land		224,397	–	114,684	344,027	339,081	344,027
Community land		–	–	153,735	135,674	153,735	135,674
Council controlled land		–	–	30,187	27,227	30,187	27,227
Land under roads (post 30/6/08)		–	–	727	727	727	727
Buildings – non-specialised		392	–	132,488	115,743	132,880	115,743
Buildings – specialised		–	–	122,554	109,472	122,554	109,472
Roads and Bulk Earthworks		–	–	545,167	565,951	545,167	565,951
Footpaths		–	–	58,458	56,252	58,458	56,252
Open space and other structures		–	–	87,983	85,083	87,983	85,083
Stormwater drainage		–	–	92,243	84,392	92,243	84,392
Library books		–	–	867	867	867	867
<b>Total infrastructure, property, plant and equipment</b>		<b>224,789</b>	<b>–</b>	<b>1,349,937</b>	<b>1,536,425</b>	<b>1,574,726</b>	<b>1,536,425</b>

## D2-1 Fair value measurement (continued)

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

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

- **Financial assets**

Council obtains valuations from independent investment advisors (CPG Research and Advisory Pty Ltd) on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuations. Council holds various FRNs, covered and fixed interest bonds that are considered level 3 assets. Council obtains valuations from the arranger/issuer/bank on a monthly basis and/or at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations sourced from the arranger/issuer/bank are based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices, which are variable (unobservable inputs), in the secondary market.

- **Investment property**

Council undertakes valuations of its investment property portfolio on an annual basis and at the end of each reporting period the financial statements reflect the most up-to-date valuation.

The best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in an active market for similar assets or similar properties in less active markets
  - Discounted cash flow projections based on estimates of future cash inflows and outflows
- All investment properties are included in level 2 of the hierarchy with the key observable input to the valuation being the price per square metre.

The fair value of investment properties is determined by independent, qualified valuers who have experience in the location of the property. The revaluation of council's investment properties were performed by APV Valuers & Asset Management as at 30 June 2023.

- **Land (Operational, Community, Council Controlled and Land Under Roads)**

Council obtains independent valuations of its Operational Land portfolio on a cyclic basis. Suitably qualified internal staff ensure that the fair value reported does not differ materially from actual fair value.

In order to ascertain appropriate values to the Operational Land, Council have primarily applied the Direct Comparison Approach. This approach involves investigation of vacant land sales evidence with comparable or similar characteristics. The various land components are analysed in order to derive a fair market value.

For community and other special purpose land where there are a limited number of market transactions, Council have considered the market evidence of parcels of land of similar characteristics (but not restricted in use) with an appropriate discount applied for the property's current zoning.

The best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in active markets for similar assets or similar land parcels in less active markets
- Community and other special purpose land assets are included in level 3 of the hierarchy with the key unobservable input to the valuation being the price per square metre. Operational Land values are at indexation to reflect the inherent utility afforded from the 2022/23 valuation.
- APV Valuers & Asset Management performed an independent comprehensive valuation of Operational Land assets for the period ending 30 June 2023. Desktop valuations for Community and Council Controlled Land have been valued using Valuer General (VG) price per square metre for the period ending 30 June 2022. Land Under Roads (post 2008) was desktop valued using VG rates as at 30 June 2022.

## D2-1 Fair value measurement (continued)

### ▪ Buildings

Specialised buildings are assets which, due to their particular design, application or use, are not normally traded within an established market and thus the basis for valuation of these buildings is the cost approach.

Depreciated replacement cost is a method of valuation that is based on an estimate of the current cost of replacing the asset with a similar asset, less an allowance for the effect of depreciation (accrued physical wear and tear), and economic and functional obsolescence. Thus the following inputs and assumptions are used in determining fair value:

- Breakdown of building into relevant components comprising some or all of; External walls, windows and doors; Roof including framing and guttering; Electricals & lighting; Fire Equipment; Air Conditioning; Hot Water System; Lifts; Fitout, Fixtures & Fittings; Exterior Works & Landscaping; and Residual Structure.
- The straight line method of depreciation has been adopted which is based on the premise that the loss in value is in equal amounts over the full extent of the components/assets life.
- The effective lives of component/asset are the estimated life of that component/asset, assuming use in its present function, as part of a continuing business.

Specialised buildings are included in level 3 of the hierarchy with the key unobservable inputs being the effective lives and component condition / allowance for depreciation.

APV Valuers & Asset Management performed an independent comprehensive valuation of Specialised building assets as at 30 June 2023.

Non-specialised buildings are those for which a market exists and as such the best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in an active market for similar assets or similar properties in less active markets.
- Comprehensive reference on building costs and useful lives.

Non-specialised buildings are included in level 3 of the hierarchy with the key unobservable input to the valuation being the price per square metre.

APV Valuers & Asset Management performed an independent comprehensive valuation of Non-specialised building assets as at 30 June 2023.

### ▪ Open space, other structures, roads and bridges, footpaths, and stormwater drainage

Council obtains independent valuations on a cyclic basis and utilises suitably qualified internal staff to undertake interim revaluations as appropriate to ensure that reported fair value does not differ materially from actual fair value. These classes of assets are specialised in nature and not readily bought or sold on the open market thus the valuation technique adopted is the cost approach utilising the depreciated replacement cost concept. The following inputs are used where necessary:

- Pattern of Consumption
- Components
- Useful life
- Asset Condition
- Dimensions and specifications
- Relationship between condition rating and value (determining remaining life, useful life, etc.)
- Unit Rates

The asset classes other structures, roads and bridges, footpaths, open space, and stormwater drainage are included in level 3 of the hierarchy with the key unobservable inputs being condition rating, useful life and remaining life.

Open space and other structure assets were comprehensively valued by APV Valuers & Asset Management as at 30 June 2023.

Footpaths and Stormwater drainage were desktop valued by APV Valuers & Asset Management as at 30 June 2023.

Roads and Bridges were comprehensively valued by APV Valuers & Asset Management as at 30 June 2023.

## D2-1 Fair value measurement (continued)

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### Fair value measurements using significant unobservable inputs (level 3)

## D2-1 Fair value measurement (continued)

### The valuation process for level 3 fair value measurements

Asset Category/ Class	Comprehensive Valuation Frequency	Description of processes	Valuer	Responsibility
Financial Assets	Monthly	Monthly Valuation using the current price in an active market for similar assets	External	Finance Department
Investment Properties	Annually	Full external valuation every year	External	Strategic Property / Finance
Infrastructure	3 years per asset class	3 year valuation cycle - 1 Comprehensive and 2 Desktop	Internal/External	Assets & Infrastructure Directorate/Finance
Plant and equipment, office equipment and furniture and fittings	Annually	Assessment of remaining useful life undertaken annually which impacts on the fair value	Internal	Assets & Infrastructure Directorate/Finance
Operational land	3 years	3 year valuation cycle - 1 Comprehensive and 2 Desktop	External	Assets & Infrastructure Directorate/Finance
Community land	3 years	Valuer-General land values or average unit rate for similar properties if not available	Valuer General / Internal	Finance
Buildings – non specialised and specialised	3 years	3 year valuation cycle - 1 comprehensive and 2 desktop	External	Assets & Infrastructure Directorate/Finance
Land improvement non-depreciable	3 years	Full valuation every 5 years or index applied	Internal	Assets & Infrastructure Directorate/Finance
Open space and other structures	3 years	3 year valuation cycle - 1 Comprehensive and 2 Desktop	External	Assets & Infrastructure Directorate/Finance
Library books	N/A	Assessment of remaining useful life undertaken annually which impacts on the fair value	Internal	Library/Finance

## D2-1 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
Financial Assets	Market Approach	Unit Price
Investment property	Income or Market Approach	Estimated rental value (per sq metre) Rental Yield Open Market Value
Plant and Equipment	Cost Approach	Gross Replacement Cost
Office Equipment		Remaining Useful Life
Furniture and Fittings		Residual Value
Library Collection		
Land:	Market Approach	Price per square metre
Operational Land		Discount rate to account for zoning
Community Land	VG value (price per square metre) for	and other constraints on development
Council Controlled Land	Community Land	and the potential for alternative use.
Land Under Roads		
Open Space	Cost Approach	Condition
Land Improvements		Useful and Remaining Life
Other Structures		Unit Rates
Buildings:	Cost Approach	Condition
Specialised		Useful and Remaining Life
Non-Specialised		Component replacement rates
		Allowance for economic and functional obsolescence
Infrastructure:	Cost Approach	Condition
Roads		Useful and Remaining Life
Footpaths		Residual Value
Bulk Earthworks		Unit Rates
Stormwater drainage	Cost Approach	Condition
		Useful and Remaining Life
		Unit Rates
		Residual Value

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

\$ '000	Financial assets		IPP&E		Total	
	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>23,248</b>	31,534	<b>1,536,425</b>	1,342,746	<b>1,559,673</b>	1,374,280
<b>Total gains or losses for the period</b>						
Recognised in profit or loss – realised	97	(294)	–	–	97	(294)
Recognised in other comprehensive income – revaluation surplus	–	–	47,085	180,899	47,085	180,899
<b>Other movements</b>						
Purchases (GBV)	23,350	6,508	20,999	40,884	44,349	47,392
Disposals (WDV)	(5,250)	(14,500)	(3,325)	(4,869)	(8,575)	(19,369)
Depreciation and impairment	–	–	(26,458)	(23,235)	(26,458)	(23,235)
<b>Closing balance</b>	<b>41,445</b>	23,248	<b>1,574,726</b>	1,536,425	<b>1,616,171</b>	1,559,673

### Highest and best use

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

## 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

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formula and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

\* For 180 Point Members, Employers are required to contribute 8% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$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 2022. 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

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

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

## D3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$393,122.94. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$322,668.84.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.94%

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% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6% for FY 22/23 2.5% per annum thereafter

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2023.

### (ii) Statewide Mutual

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.

## D3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (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

### 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 comprising the Mayor, Councillors, General Manager and Directors.

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	2,354	2,624
Post-employment benefits	191	171
<b>Total</b>	<b>2,545</b>	<b>2,795</b>

#### Other transactions with KMP and their related parties

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

Council has determined that there are no other transactions with KMP and their related parties that need to be disclosed.

## E1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – mayoral fee/administrator fee	<b>83</b>	63
Councillors' fees	<b>413</b>	369
Other Councillors' expenses (including Mayor)	<b>63</b>	115
<b>Total</b>	<b>559</b>	<b>547</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2023	2022
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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

	160	150
<b>Total Auditor-General remuneration</b>	<b>160</b>	<b>150</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>41,058</b>	26,416
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	26,605	23,689
(Gain) / loss on disposal of assets	2,853	(7,550)
Non-cash capital grants and contributions	(230)	(95)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(101)	238
– Investment property	(1,073)	(7,953)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(1,253)	(286)
Increase / (decrease) in provision for impairment of receivables	(1,619)	1,405
(Increase) / decrease of inventories	16	(14)
(Increase) / decrease of other current assets	(654)	5
Increase / (decrease) in payables	(1,965)	326
Increase / (decrease) in other accrued expenses payable	2,772	32
Increase / (decrease) in other liabilities	411	1,413
Increase / (decrease) in contract liabilities	(3,184)	3,824
Increase / (decrease) in employee benefit provision	(193)	(2,289)
Increase / (decrease) in other provisions	3	(509)
<b>Net cash flows from operating activities</b>	<b>63,446</b>	<b>38,652</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	2,901	2,760
Plant and equipment	480	1,943
Parks	5,674	1,802
Infrastructure	3,773	2,565
Software	-	6
<b>Total commitments</b>	<b>12,828</b>	<b>9,076</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	12,828	9,076
<b>Total payable</b>	<b>12,828</b>	<b>9,076</b>

### F3-1 Events occurring after the reporting date

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

## F4 Changes from prior year statements

### F4-1 Correction of errors

#### Nature of prior period error

##### **Land - Operational, Community, and Council Controlled**

As part of the annual reconciliation and valuation of Operational, Community, and Council Controlled land, it was identified that certain parcels of land were no longer in Council's ownership. Council also identified parcels of land in the Geographic Information System that were not included in the financial land registers.

These errors have been restated as at 1 July 2021 and 30 June 2022 for balances of Infrastructure, property, plant and equipment and Accumulated surplus and Revaluation reserves.

<b>Land - Operational, Community, and Council Controlled</b>	<b>2021 (\$'000)</b>	<b>2022 (\$'000)</b>
Carrying amount adjusted	8,346	8,346

##### **Buildings - Specialised and Non-Specialised**

As part of the annual reconciliation and valuation of Buildings - Specialised and Non-Specialised, it was identified that some minor building assets were no longer in Councils control and therefore needed to be derecognised from the building asset register. Council also identified a strata titled car park, owned by Council, that was not identified in the asset register.

These errors have been restated as at 1 July 2021 and 30 June 2022 for balances of Infrastructure, property, plant and equipment and Accumulated surplus, Depreciation expense and Revaluation reserves.

<b>Buildings - Specialised and Non-Specialised</b>	<b>2021 (\$'000)</b>	<b>2022 (\$'000)</b>
Carrying amount adjusted	6,849	6,707
Accumulated depreciation adjusted	-1,306	-1,447
Depreciation expense adjusted	142	142

##### **Open Space**

As part of the annual reconciliation and valuation of Open Space assets, it was identified that a number of Council car parks were duplicated in the Roads and Open Space asset registers and therefore needed to be derecognised from the Open Space asset register. Council also identified a number of found assets through the comprehensive valuation inspection process that were not identified in the asset register.

These errors have been restated as at 1 July 2021 and 30 June 2022 for balances of Infrastructure, property, plant and equipment and Accumulated surplus, Depreciation expense and Revaluation reserves.

<b>Open Space</b>	<b>2021 (\$'000)</b>	<b>2022 (\$'000)</b>
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## F4-1 Correction of errors (continued)

Carrying amount adjusted	2,313	2,822
Accumulated depreciation adjusted	1,532	2,040
Depreciation expense adjusted	-509	-509

### Roads & Bulk earthworks

In 2022/23 Council conducted a bulk data collection of Roads & Bulk earthworks asset inspections. As part of the annual reconciliation and valuation of the Roads & Bulk earthworks assets, it was identified that a number of Council assets were duplicated in the Roads & Bulk earthworks asset registers and therefore needed to be derecognised. Council also identified a number of found assets through the comprehensive valuation inspection process that were not identified in the asset register.

These errors have been restated as at 1 July 2021 and 30 June 2022 for balances of Infrastructure, property, plant and equipment and Accumulated surplus, Depreciation expense and Revaluation reserves.

<b>Roads &amp; Bulk earthworks</b>	<b>2021 (\$'000)</b>	<b>2022 (\$'000)</b>
Carrying amount adjusted	1,055	1,039
Accumulated depreciation adjusted	-550	-565
Depreciation expense adjusted	16	16

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

### Changes to the opening Statement of Financial Position at 1 July 2021

#### Statement of Financial Position

<b>\$ '000</b>	<b>Original Balance 1 July, 2021</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 1 July, 2021</b>
Infrastructure, property, plant and equipment	1,360,812	18,213	1,379,025
<b>Total non-current assets</b>	<b>–</b>	<b>18,213</b>	<b>18,213</b>
<b>Total assets</b>	<b>1,553,799</b>	<b>18,213</b>	<b>1,572,012</b>
<b>Total liabilities</b>	<b>50,122</b>	<b>–</b>	<b>50,122</b>

## F4-1 Correction of errors (continued)

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
<b>Net assets</b>	1,503,677	18,213	1,521,890
Accumulated surplus	1,394,601	18,213	1,412,814
<b>Total equity</b>	<b>1,503,677</b>	<b>18,213</b>	<b>1,521,890</b>

## Adjustments to the comparative figures for the year ended 30 June 2022

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment (IPPE)	1,534,665	18,564	1,553,229
<b>Total non-current assets</b>	–	18,564	18,564
<b>Total assets</b>	<b>1,761,338</b>	<b>18,564</b>	<b>1,779,902</b>
<b>Total liabilities</b>	<b>50,697</b>	–	<b>50,697</b>
<b>Net assets</b>	1,710,641	18,564	1,729,205
Accumulated surplus	1,420,666	18,564	1,439,230
<b>Total equity</b>	<b>1,710,641</b>	<b>18,564</b>	<b>1,729,205</b>

## Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
<b>Total income from continuing operations</b>	<b>175,820</b>	–	<b>175,820</b>
Depreciation and amortisation	–	(351)	(351)
Impairment / revaluation decrement of IPPE	–	–	–
<b>Total expenses from continuing operations</b>	<b>149,755</b>	<b>(351)</b>	<b>149,404</b>

F4-1 Correction of errors (continued)

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Operating result from discontinued operations	—	—	—
Net operating result for the year	<b>26,065</b>	<b>351</b>	<b>26,416</b>

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Net operating result for the year	<b>26,065</b>	<b>351</b>	<b>26,416</b>
Total comprehensive income for the year	<b>26,065</b>	<b>351</b>	<b>26,416</b>

## F5 Statement of developer contributions as at 30 June 2023

### F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	165	–	–	–	5	–	–	170	–
Roads	603	29	–	–	18	–	–	650	–
Traffic facilities	2,652	67	–	–	78	–	–	2,797	–
Parking	967	–	–	–	28	–	–	995	–
Open space	39,135	5,183	–	–	1,225	(1,787)	–	43,756	–
Community facilities	7,535	1,365	–	–	252	(100)	–	9,052	–
Library	3,390	83	–	–	99	(3)	–	3,569	–
Urban space	3	–	–	–	–	–	–	3	–
Management	10	17	–	–	1	–	–	28	–
Open space, recreation and public domain facilities	7,273	7,592	–	–	400	(808)	–	14,457	–
Deficient car parking	608	–	–	–	18	–	–	626	–
Non residential development in central business district	2,681	701	–	–	97	(31)	–	3,448	–
<b>S7.11 contributions – under a plan</b>	<b>65,022</b>	<b>15,037</b>	<b>–</b>	<b>–</b>	<b>2,221</b>	<b>(2,729)</b>	<b>–</b>	<b>79,551</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>4,522</b>	<b>2,834</b>	<b>–</b>	<b>–</b>	<b>162</b>	<b>(333)</b>	<b>–</b>	<b>7,185</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>69,544</b>	<b>17,871</b>	<b>–</b>	<b>–</b>	<b>2,383</b>	<b>(3,062)</b>	<b>–</b>	<b>86,736</b>	<b>–</b>
S7.4 planning agreements	12,349	–	–	–	360	(985)	–	11,724	–
S7.13 Court Ordered Development Consen	377	–	–	–	11	–	–	388	–
<b>Total contributions</b>	<b>82,270</b>	<b>17,871</b>	<b>–</b>	<b>–</b>	<b>2,754</b>	<b>(4,047)</b>	<b>–</b>	<b>98,848</b>	<b>–</b>

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.

## F5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>CONTRIBUTION PLAN – repealed from 14 March 2013</b>										
Drainage	148	-	-	-	4	-	-	152	-	
Traffic facilities	319	-	-	-	9	-	-	328	-	
Parking	416	-	-	-	12	-	-	428	-	
Open space	644	-	-	-	19	(23)	-	640	-	
Community facilities	955	-	-	-	28	-	-	983	-	
Library	3,340	-	-	-	97	(3)	-	3,434	-	
Urban space	3	-	-	-	-	-	-	3	-	
<b>Total</b>	<b>5,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>(26)</b>	<b>-</b>	<b>5,968</b>	<b>-</b>	
<b>CONTRIBUTION PLAN – commenced 14 March 2013</b>										
Community facilities	4,007	1,046	-	-	144	-	-	5,197	-	
Open space, recreation and public domain facilities	7,154	7,398	-	-	394	(808)	-	14,138	-	
Deficient car parking	515	-	-	-	15	-	-	530	-	
Non residential development in central business district	2,681	701	-	-	97	(31)	-	3,448	-	
<b>Total</b>	<b>14,357</b>	<b>9,145</b>	<b>-</b>	<b>-</b>	<b>650</b>	<b>(839)</b>	<b>-</b>	<b>23,313</b>	<b>-</b>	
<b>CONTRIBUTION PLAN – NUMBER 1 – Roads &amp; Traffic Management</b>										
Roads	603	29	-	-	18	-	-	650	-	
<b>Total</b>	<b>603</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>650</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 3 – Car Parking – Hurstville Town Centre</b>										
Parking	318	-	-	-	9	-	-	327	-	
<b>Total</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>327</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 4 – Streetscape Improvement – Hurstville Town Centre</b>										
Open space	613	-	-	-	18	-	-	631	-	
<b>Total</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>631</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 5 – Open Space (2006) – Embellishment &amp; Acquisition</b>										
Open space	17,079	2,303	-	-	548	(1,764)	-	18,166	-	
<b>Total</b>	<b>17,079</b>	<b>2,303</b>	<b>-</b>	<b>-</b>	<b>548</b>	<b>(1,764)</b>	<b>-</b>	<b>18,166</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 6 – Hurstville south areas</b>										
Open space	758	-	-	-	22	-	-	780	-	
<b>Total</b>	<b>758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>780</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 8 – Kogarah Town Centre</b>										
Drainage	17	-	-	-	1	-	-	18	-	
Traffic facilities	2,320	45	-	-	68	-	-	2,433	-	
Open space	19,395	1,820	-	-	584	-	-	21,799	-	

continued on next page ...

## F5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Deficient car parking	93	–	–	–	3	–	–	96	–	
Community facilities	396	34	–	–	12	–	–	442	–	
<b>Total</b>	<b>22,221</b>	<b>1,899</b>	<b>–</b>	<b>–</b>	<b>668</b>	<b>–</b>	<b>–</b>	<b>24,788</b>	<b>–</b>	
<b>CONTRIBUTION PLAN NUMBER 9 – Kogarah Libraries – Buildings &amp; Books</b>										
Community facilities	572	145	–	–	19	(100)	–	636	–	
<b>Total</b>	<b>572</b>	<b>145</b>	<b>–</b>	<b>–</b>	<b>19</b>	<b>(100)</b>	<b>–</b>	<b>636</b>	<b>–</b>	
<b>CONTRIBUTION PLAN – Ramsgate commercial centre</b>										
Community facilities	1,519	–	–	–	45	–	–	1,564	–	
<b>Total</b>	<b>1,519</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>–</b>	<b>–</b>	<b>1,564</b>	<b>–</b>	
<b>Georges River Local Infrastructure Contributions Plan Commenced 1 Dec 2021</b>										
Traffic facilities	13	22	–	–	1	–	–	36	–	
Parking	233	–	–	–	7	–	–	240	–	
Open space	646	1,060	–	–	34	–	–	1,740	–	
Community facilities	86	140	–	–	4	–	–	230	–	
Library	50	83	–	–	2	–	–	135	–	
Management	10	17	–	–	1	–	–	28	–	
Open space, recreation and public domain facilities	119	194	–	–	6	–	–	319	–	
<b>Total</b>	<b>1,157</b>	<b>1,516</b>	<b>–</b>	<b>–</b>	<b>55</b>	<b>–</b>	<b>–</b>	<b>2,728</b>	<b>–</b>	

## S7.12 Levies – under a plan

**CONTRIBUTION PLANS**

Georges River Council Section 7.12	4,099	1,211	–	–	132	(273)	–	5,169	–
<b>Total</b>	<b>4,099</b>	<b>1,211</b>	<b>–</b>	<b>–</b>	<b>132</b>	<b>(273)</b>	<b>–</b>	<b>5,169</b>	<b>–</b>

**Georges River Local Infrastructure Contributions Plan Commenced 1 Dec 2021**

Georges River Council Section 7.12	423	1,623	–	–	30	(60)	–	2,016	–
<b>Total</b>	<b>423</b>	<b>1,623</b>	<b>–</b>	<b>–</b>	<b>30</b>	<b>(60)</b>	<b>–</b>	<b>2,016</b>	<b>–</b>

## F6 Statement of performance measures

### F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>12,828</b>	<b>7.60%</b>	(1.56)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>168,839</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>147,320</b>	<b>74.49%</b>	81.87%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>197,772</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>102,979</b>	<b>5.31x</b>	3.13x	> 1.50x
Current liabilities less specific purpose liabilities	<b>19,384</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>39,435</b>	<b>229.27x</b>	38.47x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>172</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>5,013</b>	<b>4.37%</b>	4.32%	< 5.00%
Rates and annual charges collectable	<b>114,730</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>185,625</b>	<b>16.30 months</b>	15.60 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>11,385</b>			

(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 2022/23 result

2022/23 ratio 7.60%

Benchmark achieved. Strong result due to Interest Income; Regulatory Fines Income and Operating Grant Revenue

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 2022/23 result

2022/23 ratio 74.49%

Benchmark achieved. Ratio of Grant Income is higher than expected due to the early receipt of the entire 2023/24 Financial Assistance Grant in June 2023.

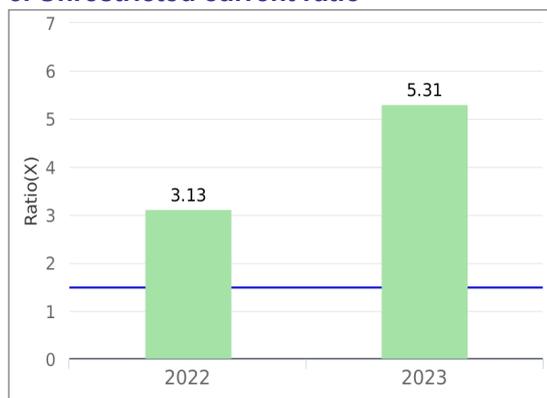
Benchmark: — > 60.00%

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 2022/23 result

2022/23 ratio 5.31x

Benchmark achieved due to strong unrestricted cash reserves

Benchmark: — > 1.50x

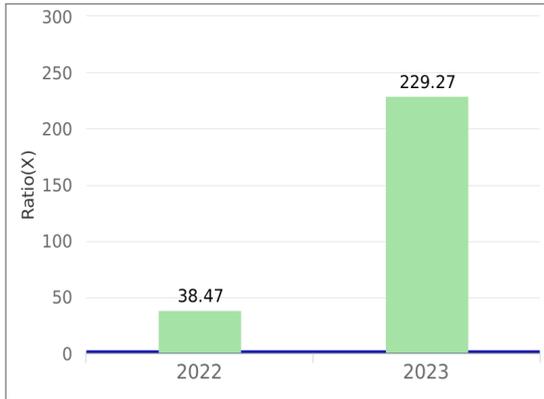
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 229.27x

Benchmark achieved, with minimal Council debt to service

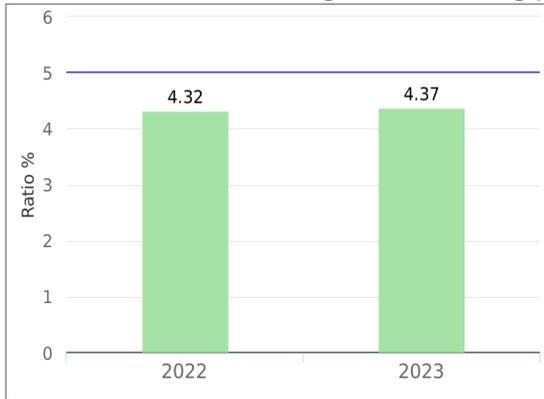
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 4.37%

Benchmark achieved

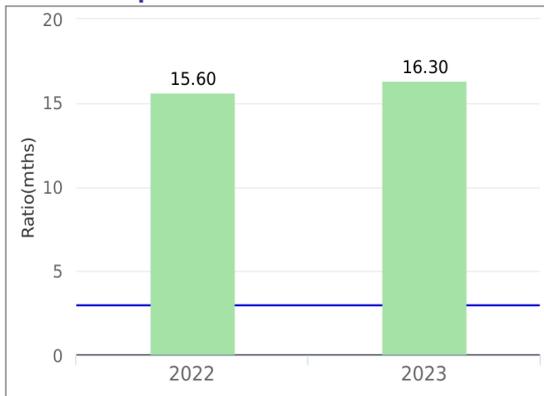
Benchmark: — < 5.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 16.30 months

Benchmark achieved due to strong cash reserves

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

## G1-2 Council information and contact details

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**Principal place of business:**

Corner MacMahon and Dora Streets  
HURSTVILLE NSW 2220

### Contact details

**Mailing Address:**

PO Box 205  
HURSTVILLE BC NSW 1481

**Telephone:** 02 9330 6400

**Facsimile:** 02 9330 6223

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Internet:** [www.georgesriver.nsw.gov.au](http://www.georgesriver.nsw.gov.au)

**Email:** [mail@georgesriver.nsw.gov.au](mailto:mail@georgesriver.nsw.gov.au)

### Officers

**Acting General Manager**

Danielle Parker

**Responsible Accounting Officer**

Scott Henwood

**Public Officer**

David Tuxford

**Auditors**

Audit Office of New South Wales  
Level 19  
201 Sussex St  
SYDNEY NSW 2000

### Elected members

**Mayor**

Sam Elmir

**Councillors**

Sam Elmir  
Natalie Mort  
Kathryn Landsberry  
Colleen Symington  
Nancy Liu  
Ben Wang  
Nick Katris  
Elise Borg  
Sam Stratikopoulos  
Nick Smerdely  
Ashvini Ambihaipahar  
Christina Jamieson  
Veronica Ficarra  
Lou Konjarski  
Peter Mahoney

### Other information

**ABN:** 57 789 014 855



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Georges River Council

To the Councillors of Georges River Council

### Opinion

I have audited the accompanying financial statements of Georges River 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 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, 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 2023 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 comprises 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](http://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.



Cathy Wu  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY



Clr Sam Elmir  
 Mayor  
 Georges River Council  
 Cnr MacMahon and Dora Streets  
 HURSTVILLE NSW 2220

Contact: Cathy Wu  
 Phone no: 02 9275 7212  
 Our ref: R008-16585809-16585

31 October 2023

Dear Mayor

## **Report on the Conduct of the Audit** **for the year ended 30 June 2023** **Georges River Council**

I have audited the general purpose financial statements (GPFS) of the Georges River Council (the Council) for the year ended 30 June 2023 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 2023 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

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	109.5	104.0	↑ 5.3
Grants and contributions revenue	50.5	29.1	↑ 73.6
Operating result from continuing operations	41.1	26.4	↑ 55.4
Net operating result before capital grants and contributions	12.1	11.6	↑ 4.7

\* The 2022 comparatives have been restated to correct a prior period error. Note F4-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue of \$109.5 million increased by \$5.5 million (5.3 per cent) in 2022–23, mainly due to the special rate variation increase of 5.8 per cent.

Grants and contributions revenue of \$50.5 million increased by \$21.4 million (73.5 per cent) in 2022–23 due to:

- increase of \$6.9 million in developer contributions recognised during the year
- receipt of new grants this year, including \$4.3 million for the Regional and Local Roads Repair Program and \$2.0 million for NSW Severe Weather and Flood Clean-up Program
- receiving nearly 100 per cent of the financial assistance grants for 2023–24 in advance (75 per cent in 2021–22).

The Council’s operating result from continuing operations of \$41.1 million (including depreciation, amortisation and impairment expense of \$26.6 million) was \$14.6 million higher than the 2021–22 result. The increase was primarily due to additional grants received during the year, as noted above.

The net operating result before capital grants and contributions of \$12.1 million was \$0.5 million higher than the 2021–22 result.

## STATEMENT OF CASH FLOWS

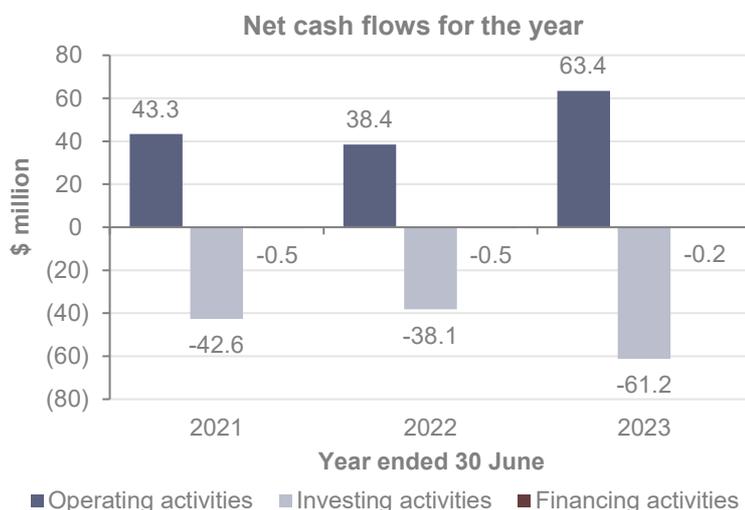
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year. There was a net cash inflow of \$2.1 million in 2023.

Operating cash inflows increased by \$24.8 million due the Council:

- receiving additional grants and contributions
- increased other receipts for insurance claim recoveries and rental income.

Cash flows from investing activities decreased by \$22.9 million due increased purchases of investments and term deposits.

Cash flows from financing activities remained similar to the previous year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>227.1</b>	<b>187.8</b>	<ul style="list-style-type: none"> <li>• External restrictions increased by \$21.0 million this year, and comprise mainly of unspent specific purpose grants, developer contributions and domestic waste management charges.</li> <li>• Balances are internally restricted due to Council policy or decisions for forward plans including works program. Internal restrictions have increased by \$10.6 million, mainly for asset management and waste strategy implementation.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	137.0	116.0	
• Internal allocations	72.4	61.8	

# PERFORMANCE

## Performance measures

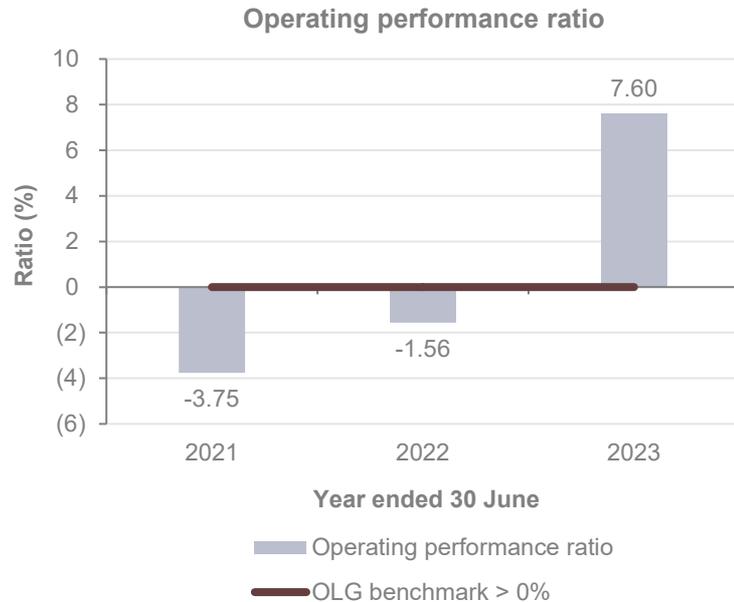
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

### Operating performance ratio

The Council met the benchmark for the current year. The increase in ratio was due to increased grants and contributions for operating purposes.

The 2022 ratio was restated to correct a prior period error.

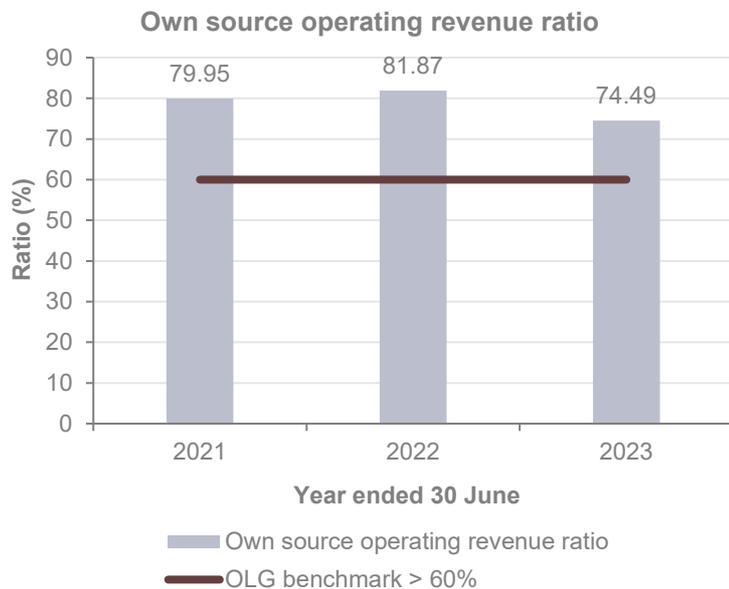
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The Council met the benchmark for the current year. The ratio has remained consistent over the past three years.

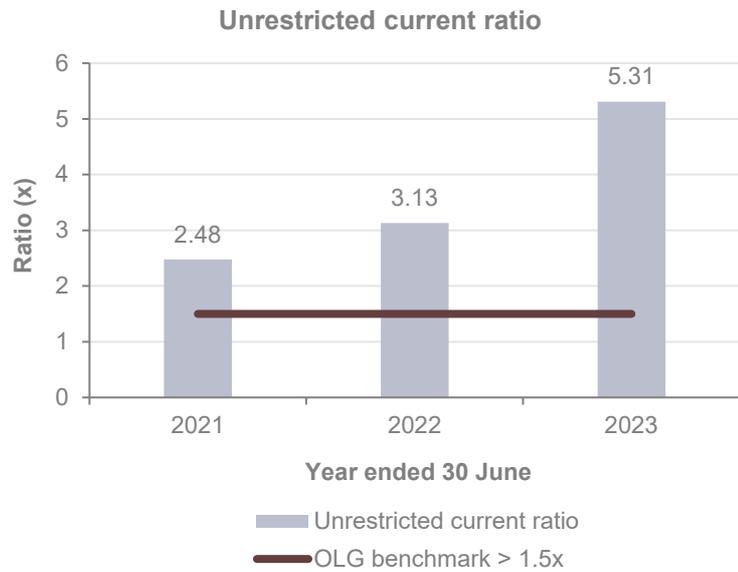
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the benchmark for the current year. The increase in the ratio was due to an increase in unrestricted cash and investments.

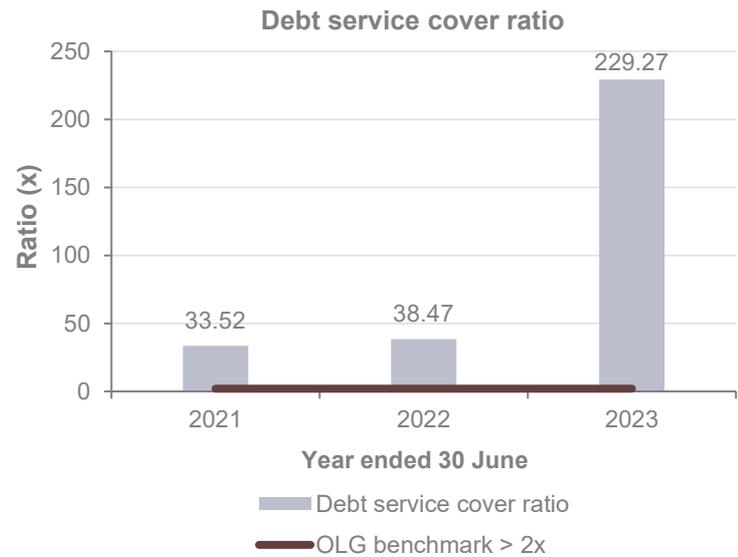
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council exceeded the benchmark for the current year. The increase in the ratio was due to Council having repaid its borrowings at 30 June 2023.

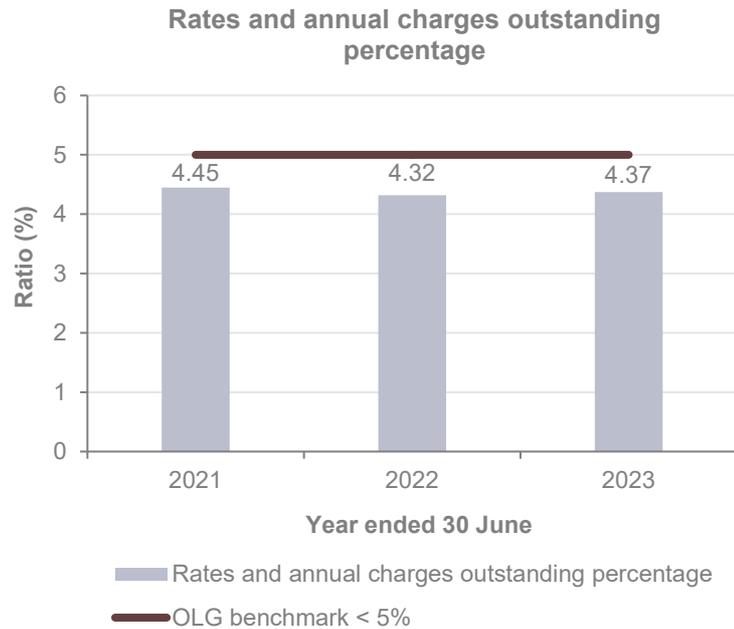
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period. The ratio has remained consistent over the past three years.

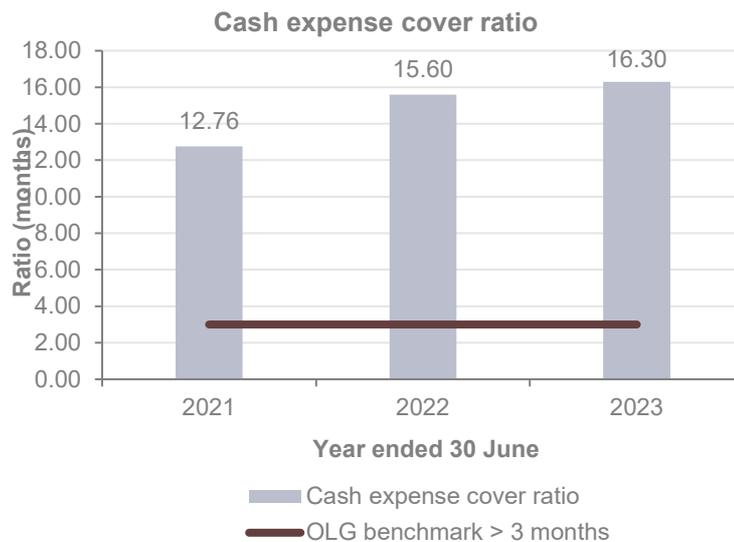
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

The Council exceeded the benchmark for the current year. The ratio has remained consistent over the past three years.

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 \$12.5 million of infrastructure, property, plant and equipment during the 2022–23 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters. A further \$13.8 million was spent on new assets, including \$7.4 million in capital work in progress.

## OTHER MATTERS

### Legislative compliance

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

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



Cathy Wu  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Georges River Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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*A leading, people-focused organisation delivering  
outstanding results for our community and city.*



Georges River Council

Special Schedules

for the year ended 30 June 2023

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**Special Schedules:**

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## Georges River Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	74,495	79,740
Plus or minus adjustments <sup>2</sup>	b	730	316
<b>Notional general income</b>	c = a + b	<b>75,225</b>	<b>80,056</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	5.80%	5.80%
Or plus rate peg amount	i = e x (c + g)	4,363	4,643
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>79,588</b>	<b>84,699</b>
Plus (or minus) last year's carry forward total	l	13	3
Less valuation objections claimed in the previous year	m	–	(142)
<b>Sub-total</b>	n = (l + m)	<b>13</b>	<b>(139)</b>
<b>Total permissible income</b>	o = k + n	<b>79,601</b>	<b>84,560</b>
Less notional general income yield	p	79,740	84,548
<b>Catch-up or (excess) result</b>	q = o – p	<b>(139)</b>	<b>12</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	142	–
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>3</b>	<b>12</b>

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Georges River Council

To the Councillors of Georges River Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Georges River Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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 2023 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 2023'.

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](http://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.



Cathy Wu  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY

## Georges River Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 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					
<b>Buildings</b>	Buildings	8,440	11,815	5,321	6,507	255,434	354,707	24.7%	38.8%	27.3%	8.9%	0.3%
	<b>Sub-total</b>	<b>8,440</b>	<b>11,815</b>	<b>5,321</b>	<b>6,507</b>	<b>255,434</b>	<b>354,707</b>	<b>24.7%</b>	<b>38.8%</b>	<b>27.3%</b>	<b>8.9%</b>	<b>0.3%</b>
<b>Roads</b>	Sealed roads incl K&G	6,006	8,408	4,136	3,534	545,167	748,889	53.1%	17.1%	26.6%	3.2%	0.0%
	Footpaths	1,235	1,730	2,334	2,414	58,458	116,700	12.1%	23.3%	60.5%	4.1%	0.1%
	<b>Sub-total</b>	<b>7,241</b>	<b>10,138</b>	<b>6,470</b>	<b>5,948</b>	<b>603,625</b>	<b>865,589</b>	<b>47.6%</b>	<b>17.9%</b>	<b>31.2%</b>	<b>3.3%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	42	59	951	884	92,243	182,928	5.5%	93.7%	0.7%	0.1%	0.0%
	<b>Sub-total</b>	<b>42</b>	<b>59</b>	<b>951</b>	<b>884</b>	<b>92,243</b>	<b>182,928</b>	<b>5.5%</b>	<b>93.7%</b>	<b>0.7%</b>	<b>0.1%</b>	<b>0.0%</b>
<b>Open space / recreational assets / other structures</b>	Other	11,403	15,965	7,563	8,342	87,983	148,416	14.2%	30.8%	33.5%	13.0%	8.6%
	<b>Sub-total</b>	<b>11,403</b>	<b>15,965</b>	<b>7,563</b>	<b>8,342</b>	<b>87,983</b>	<b>148,416</b>	<b>14.2%</b>	<b>30.8%</b>	<b>33.5%</b>	<b>13.0%</b>	<b>8.5%</b>
<b>Total – all assets</b>		<b>27,126</b>	<b>37,977</b>	<b>20,305</b>	<b>21,681</b>	<b>1,039,285</b>	<b>1,551,640</b>	<b>34.2%</b>	<b>32.9%</b>	<b>26.9%</b>	<b>5.1%</b>	<b>0.9%</b>

(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

## Georges River Council

### Report on infrastructure assets as at 30 June 2023

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<u>12,527</u>	<b>53.59%</b>	39.83%	> 100.00%
Depreciation, amortisation and impairment	<u>23,376</u>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<u>27,126</u>	<b>2.56%</b>	1.42%	< 2.00%
Net carrying amount of infrastructure assets	<u>1,061,310</u>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<u>21,681</u>	<b>106.78%</b>	82.86%	> 100.00%
Required asset maintenance	<u>20,305</u>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<u>37,977</u>	<b>2.45%</b>	4.23%	
Gross replacement cost	<u>1,551,640</u>			

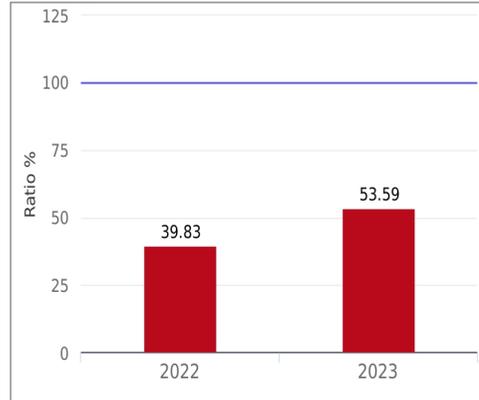
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Georges River Council

## Report on infrastructure assets as at 30 June 2023

### 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**

22/23 ratio 53.59%

The renewal ratio has improved from 21/22, however it has not reached the target due to significant expenditure on capital upgrade and or new assets. Council is working towards a greater portion of the capital works program consisting of renewal work.

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**

22/23 ratio 106.78%

The Council's expenditure reflects a suitable maintenance funding level, ensuring that all essential maintenance needs are met.

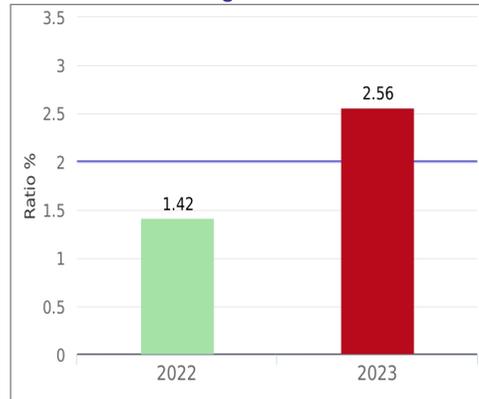
Benchmark: — > 100.00%

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**

22/23 ratio 2.56%

Asset condition declined in 2022/23 due to revaluations and weather events, but the current capital works program aims to enhance this ratio in upcoming reports. Renewal works focus on maximizing asset lifespan, with ongoing improvements to asset condition data.

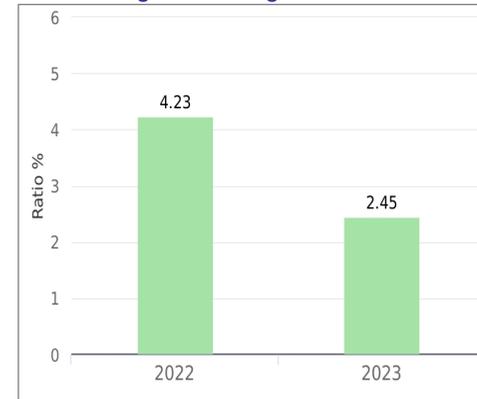
Benchmark: — < 2.00%

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**

22/23 ratio 2.45%

The current ratio aligns with expectations, indicating the Council's capability to fund the agreed-upon service levels