

**Meeting Date:** Tuesday 26 October 2021  
**Location:** Online Audio Visual Meeting  
**Time:** 7.00pm

**ATTACHMENTS FOR COUNCIL MEETING**

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# Annual Financial Statements

for the year ended  
30 June 2021

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Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity  
@ your doorstep

# General Purpose Financial Statements

for the year ended  
30 June 2021

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity  
@ your doorstep

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

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

Council of the City of Ryde  
Level 1, Building 0  
Binary Centre  
3 Richardson Place  
North Ryde NSW 2113

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.ryde.nsw.gov.au](http://www.ryde.nsw.gov.au) .

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2021

### 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 2021.

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.

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2021

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

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

- the *Local Government Act 1993* 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 26 October 2021.

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Councillor Jerome Laxale  
**Mayor**  
26 October 2021

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Councillor  
**Councillor**  
26 October 2021

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George Dedes  
**General Manager**  
26 October 2021

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Pavle Kuzmanovski  
**Responsible Accounting Officer**  
26 October 2021

## Council of the City of Ryde

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
98,259	Rates and annual charges	B2-1	<b>100,882</b>	94,617
13,429	User charges and fees	B2-2	<b>14,773</b>	15,091
10,254	Other revenue	B2-3	<b>6,428</b>	6,060
6,394	Grants and contributions provided for operating purposes	B2-4	<b>7,279</b>	8,859
15,764	Grants and contributions provided for capital purposes	B2-4	<b>23,637</b>	34,085
3,723	Interest and investment income	B2-5	<b>3,696</b>	5,775
–	Other income	B2-6	<b>40,478</b>	5,853
–	Net gains from the disposal of assets	B4-1	<b>1,300</b>	–
147,823	<b>Total income from continuing operations</b>		<b>198,473</b>	170,340
<b>Expenses from continuing operations</b>				
53,569	Employee benefits and on-costs	B3-1	<b>52,894</b>	53,554
35,537	Materials and services	B3-2	<b>46,810</b>	44,922
183	Borrowing costs	B3-3	<b>173</b>	226
21,804	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>24,248</b>	116,813
22,431	Other expenses	B3-5	<b>6,802</b>	7,952
–	Net losses from the disposal of assets	B4-1	<b>–</b>	1,912
133,524	<b>Total expenses from continuing operations</b>		<b>130,927</b>	225,379
14,299	<b>Operating result from continuing operations</b>		<b>67,546</b>	(55,039)
14,299	<b>Net operating result for the year attributable to Council</b>		<b>67,546</b>	(55,039)
20,341	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>43,909</b>	(89,124)

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

## Council of the City of Ryde

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>67,546</b>	<b>(55,039)</b>
<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	<u>10,374</u>	<u>116,347</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>10,374</b>	<b>116,347</b>
<b>Total other comprehensive income for the year</b>		<b>10,374</b>	<b>116,347</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>77,920</b>	<b>61,308</b>

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

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## Council of the City of Ryde

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	36,092	27,449
Investments	C1-2	99,947	75,200
Receivables	C1-4	13,474	11,944
Inventories	C1-5	709	695
Other	C1-8	6,886	2,164
<b>Total current assets</b>		<b>157,108</b>	<b>117,452</b>
<b>Non-current assets</b>			
Investments	C1-2	94,666	130,765
Receivables	C1-4	22	22
Infrastructure, property, plant and equipment	C1-6	1,282,914	1,242,592
Investment property	C1-7	157,235	120,715
Right of use assets	C2-1	6,854	6,052
<b>Total non-current assets</b>		<b>1,541,691</b>	<b>1,500,146</b>
<b>Total assets</b>		<b>1,698,799</b>	<b>1,617,598</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	29,083	29,446
Contract liabilities	C3-2	4,737	3,129
Lease liabilities	C2-1	2,117	1,925
Borrowings	C3-3	338	317
Employee benefit provisions	C3-4	16,381	15,272
<b>Total current liabilities</b>		<b>52,656</b>	<b>50,089</b>
<b>Non-current liabilities</b>			
Contract liabilities	C3-2	5,470	5,573
Lease liabilities	C2-1	4,235	3,839
Borrowings	C3-3	762	1,091
Employee benefit provisions	C3-4	1,044	294
<b>Total non-current liabilities</b>		<b>11,511</b>	<b>10,797</b>
<b>Total liabilities</b>		<b>64,167</b>	<b>60,886</b>
<b>Net assets</b>		<b>1,634,632</b>	<b>1,556,712</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	1,267,617	1,200,071
IPPE revaluation reserve	C4-1	367,015	356,641
<b>Council equity interest</b>		<b>1,634,632</b>	<b>1,556,712</b>
<b>Total equity</b>		<b>1,634,632</b>	<b>1,556,712</b>

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

## Council of the City of Ryde

### Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,200,071	356,641	1,556,712	1,255,110	240,294	1,495,404
Net operating result for the year		67,546	–	67,546	(55,039)	–	(55,039)
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	10,374	10,374	–	116,347	116,347
<b>Other comprehensive income</b>		–	10,374	10,374	–	116,347	116,347
<b>Total comprehensive income</b>		67,546	10,374	77,920	(55,039)	116,347	61,308
<b>Closing balance at 30 June</b>		1,267,617	367,015	1,634,632	1,200,071	356,641	1,556,712

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

## Council of the City of Ryde

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
98,569	Rates and annual charges		99,596	95,594
13,429	User charges and fees		15,579	16,413
3,723	Investment and interest revenue received		4,147	6,575
22,158	Grants and contributions		25,101	26,135
–	Bonds, deposits and retention amounts received		182	3,436
10,254	Other		9,847	13,146
<i>Payments:</i>				
(50,360)	Employee benefits and on-costs		(51,035)	(52,862)
(28,847)	Materials and services		(49,205)	(48,699)
(183)	Borrowing costs		(173)	(233)
–	Bonds, deposits and retention amounts refunded		–	(2,285)
(22,431)	Other		(9,429)	(17,331)
46,312	<b>Net cash flows from operating activities</b>	F1-1a	<b>44,610</b>	<b>39,889</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
32,882	Sale of investment securities		27,850	65,327
1,420	Sale of infrastructure, property, plant and equipment		3,163	1,352
<i>Payments:</i>				
–	Purchase of investment securities		–	(49,353)
–	Acquisition of term deposits		(16,450)	–
–	Purchase of investment property		(36)	–
(80,640)	Purchase of infrastructure, property, plant and equipment		(48,254)	(45,055)
(46,338)	<b>Net cash flows from investing activities</b>		<b>(33,727)</b>	<b>(27,729)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(317)	Repayment of borrowings		(308)	(302)
(1,981)	Principal component of lease payments		(1,932)	–
(2,298)	<b>Net cash flows from financing activities</b>		<b>(2,240)</b>	<b>(302)</b>
(2,324)	<b>Net change in cash and cash equivalents</b>		<b>8,643</b>	<b>11,858</b>
27,449	Cash and cash equivalents at beginning of year		27,449	15,591
25,125	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>36,092</b>	<b>27,449</b>

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

# Council of the City of Ryde

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## Council of the City of Ryde

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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 26 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Council has closely monitored the economic impacts (both locally and globally) arising from the outbreak of the COVID-19 pandemic and the implications in preparing these financial statements. Council will continue to monitor the actions and directives issued by both State and Federal Government's to ensure that the spread of COVID-19 is controlled and assist local economic recovery in a fiscally responsible manner.

Council is closely monitoring the developments and implications of the COVID-19 pandemic in the coming financial year through the detailed scenarios and business continuity planning to minimise operational business interruptions.

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

Council is a not for-profit entity.

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

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of investment property – refer Note C1-7
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iv. 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)

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

#### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council offers a variety of services, events and programs that are fulfilled with the generosity of volunteers who offer their time and skills. Such services include bushcare, festivals, library and multicultural programs. The nature of such activities would not be purchased if not donated, and is not reliably measured. As such, Council does not recognise these services in the income statement.

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

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

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

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 accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

Those newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures are further discussed in Note F3-1

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Catchment program	221	106	5,021	4,763	(4,800)	(4,657)	221	–	191,802	190,532
Centres and Neighbourhood program	4,433	5,258	3,376	3,502	1,057	1,756	4,308	371	–	11,032
Community and Cultural program	8,228	1,833	5,861	6,725	2,367	(4,892)	6,943	713	6,943	111
Customer and Community Relations program	13	15	3,427	3,787	(3,414)	(3,772)	–	–	–	–
Economic Development program	6	6	304	771	(298)	(765)	1,897	2	–	–
Environmental program	80	82	994	1,074	(914)	(992)	36	73	–	–
Foreshore program	6	(6)	180	100	(174)	(106)	6	(6)	–	–
Governance and Civic program	277	129	4,466	4,274	(4,189)	(4,145)	268	120	–	–
Internal Corporate Services program	37,729	10,102	22,914	116,147	14,815	(106,045)	2,904	272	827	706,431
Land Use Planning program	8,995	26,850	1,952	2,459	7,043	24,391	–	904	–	–
Library program	427	(139)	5,887	5,986	(5,460)	(6,125)	375,652	368	–	2
Open Space, Sport & Recreation program	7,408	6,456	19,991	19,911	(12,583)	(13,455)	1,207	1,321	214,827	254,305
Organisational Development program	–	7	411	254	(411)	(247)	–	–	–	–
Paths and Cycleways program	607	938	3,572	2,555	(2,965)	(1,617)	607	771	64,157	–
Property Portfolio program	2,256	2,187	6,487	4,127	(4,231)	(1,940)	114,130	–	–	120,715
Regulatory program	9,490	9,569	9,107	9,487	383	82	–	–	–	–
Risk Management program	317	446	4,416	4,603	(4,099)	(4,157)	–	–	–	–
Roads program	4,194	3,825	9,068	11,512	(4,874)	(7,687)	2,889	1,915	271,126	333,368
Strategic City program	–	–	700	366	(700)	(366)	–	–	–	–
Traffic & Transport program	2,807	1,599	3,326	3,112	(519)	(1,513)	1,999	666	18,532	–
Waste and Recycling program	25,157	24,301	19,467	19,864	5,690	4,437	182	–	–	1,102
Other	–	–	–	–	–	–	(482,333)	32,795	930,585	–
General purpose income	85,822	76,776	–	–	85,822	76,776	–	2,659	–	–
<b>Total functions and activities</b>	<b>198,473</b>	<b>170,340</b>	<b>130,927</b>	<b>225,379</b>	<b>67,546</b>	<b>(55,039)</b>	<b>30,916</b>	<b>42,944</b>	<b>1,698,799</b>	<b>1,617,598</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:

### Catchment program

Managing, monitoring and maintaining water quality and reuse of our stormwater and natural waterways.

### Centres and Neighbourhood program

Developing, delivering, maintaining and managing our public domain infrastructure, facilities and place management.

### Community and Cultural program

Managing all community services, community development, community buildings and events and driving cultural development.

### Customer and Community Relations program

Engaging with our community, all media and community relations, branding and marketing our city and developing and managing all our customer services.

### Economic Development program

Business sector and economic development.

### Environmental program

Monitoring and managing our environmental performance, developing environmental policy and making our community aware of environmental impact.

### Foreshore program

Managing all aspects of our foreshore

### Governance and Civic program

Supporting our mayor and councillors; through council process and civic events; and providing guidance on governance to support other areas of council.

### Internal Corporate Services program

Developing and managing our information, records and corporate knowledge; implementing information technology, communications, business, financial and HR infrastructure and services. Managing our fleet and plant; planning and developing assets; all project management and administrative support.

### Land Use Planning program

Planning, delivering and managing our land and urban design and enhancing and informing on our heritage.

### Library program

Delivering our library services

### Open Space, Sport & Recreation program

Developing, delivering, maintaining and managing all our sports, recreation, outdoor, open spaces and natural areas infrastructure, services and facilities.

### Organisational Development program

Addressing workforce planning, driving culture and performance, assessing process efficiency and overseeing all corporate communications.

### Paths and Cycleways program

Developing, managing and maintaining our footpaths and cycleways.

### Property Portfolio program

Developing, managing and maintaining our portfolio of corporate, commercial and civic properties.

### Regulatory program

Delivering all our regulatory assessments and activities, including building regulations, environmental regulations, road, parking and footpath enforcement and animal management.

### Risk Management program

Managing all legal services, procurement and internal auditing, assessing and managing business continuity, risk and disaster management

### Roads program

Managing and maintaining our roads, bridges and retaining walls

### Strategic City program

## B1-2 Components of functions or activities (continued)

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Providing strategic direction and planning; and managing the reporting on our corporate performance.

### **Traffic & Transport program**

Managing our transport, traffic and car parking; developing sustainable transport options.

### **Waste and Recycling program**

Managing our domestic and commercial waste services, educating on and facilitating recycling and disposal services

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## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	33,667	32,145
Business	20,898	17,701
Less: pensioner rebates (mandatory)	(675)	(690)
Less: pensioner rebates (Council policy)	(1)	(16)
<b>Rates levied to ratepayers</b>	<b>53,889</b>	<b>49,140</b>
Pensioner rate subsidies received	368	388
<b>Total ordinary rates</b>	<b>54,257</b>	<b>49,528</b>
<b>Special rates</b>		
Environmental	7,700	7,578
Infrastructure special rate levy	13,037	12,873
Macquarie park	1,836	1,480
<b>Rates levied to ratepayers</b>	<b>22,573</b>	<b>21,931</b>
<b>Total special rates</b>	<b>22,573</b>	<b>21,931</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	23,424	22,073
Stormwater management services	1,135	1,098
Section 611 charges	230	63
Non-rateable waste management charges	114	120
Less: pensioner rebates (mandatory)	(431)	(422)
Less: pensioner rebates (Council policy)	(654)	(9)
<b>Annual charges levied</b>	<b>23,818</b>	<b>22,923</b>
Pensioner subsidies received:		
– Domestic waste management	234	235
<b>Total annual charges</b>	<b>24,052</b>	<b>23,158</b>
<b>Total rates and annual charges</b>	<b>100,882</b>	<b>94,617</b>

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

#### Accounting policy

Rates and annual charges are recognised as revenue 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 *	2021	2020
<b>Specific user charges</b>			
<small>(per s.502 - specific 'actual use' charges)</small>			
Aquatic centre	2	4,943	3,934
Sports facility rental	2	320	488
Hall hire	2	632	350
Road restorations	2	109	2,067
Gutter crossings	2	88	75

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## B2-2 User charges and fees (continued)

\$ '000	Timing *	2021	2020
Commercial waste service	2	1,273	1,295
Other	2	–	127
<b>Total specific user charges</b>		<b>7,365</b>	<b>8,336</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Private works – section 67	2	20	27
Regulatory/ statutory fees	2	3,310	2,439
Section 10.7 certificates (EP&A Act)	2	493	329
Section 603 certificates	2	258	206
Tree Preservation	2	74	–
Other	2	43	–
<b>Total fees and charges – statutory/regulatory</b>		<b>4,198</b>	<b>3,001</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Parking fees	2	1,076	1,679
Environmental planning	2	1,344	1,488
Home maintenance and modification	2	86	105
Other	2	704	482
<b>Total fees and charges – other</b>		<b>3,210</b>	<b>3,754</b>
<b>Total user charges and fees</b>		<b>14,773</b>	<b>15,091</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		14,773	15,091
<b>Total user charges and fees</b>		<b>14,773</b>	<b>15,091</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 14 days of the provision of the service or in some cases 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.

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-3 Other revenue

\$ '000	Timing *	2021	2020
Fines	2	63	27
Fines – parking	2	3,366	3,839
Insurance claims recoveries	2	–	1
Sale of abandoned vehicles	2	30	19
Legal fees recovery – other	2	186	399
Other	2	1,029	341
Other rebates	2	759	641
Materials recycling	2	729	628
Recoveries – other	2	117	96
Sundry sales	2	149	69
<b>Total other revenue</b>		<b>6,428</b>	<b>6,060</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	6,428	6,060

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**B2-3 Other revenue (continued)**

\$ '000	Timing *	2021	2020
Total other revenue		<b>6,428</b>	<b>6,060</b>

**Accounting policy for other revenue**

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier. The only exception is Fines Revenue which is recognised as revenue upon payment of the infringement rather than at the time of the infringement being issued.

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

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## B2-4 Grants and contributions

\$ '000	Timing *	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	2	1,863	1,756	-	-
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	1,995	1,862	-	-
<b>Amount recognised as income during current year</b>		<b>3,858</b>	<b>3,618</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Library	2	376	368	-	-
Local infrastructure renewal scheme subsidy	2	-	72	-	-
Street & traffic lighting	2	371	371	-	-
Work Health & Safety incentive rebate	2	-	273	-	-
Transport	1	485	-	2,407	1,356
Home maintenance and modification	2	443	460	-	-
Community staff funding	2	213	242	-	-
Passive parks expansion	1	-	-	103	100
Sportsground amenities renewal	1	-	-	601	-
Playground renewals/upgrades	1	-	-	300	-
LEP grant	2	521	904	-	-
Other specific grants	2	752	689	1,014	1,040
Transport (roads to recovery)	1	-	-	695	656
<b>Previously contributions:</b>					
Roads and bridges	2	-	407	-	-
Other contributions	2	260	245	74	110
Other councils	2	-	753	-	-
Transport for NSW contributions (regional roads, block grant)	2	-	274	-	-
Community events	2	-	56	-	-
Customer / resident contributions	2	-	-	-	29
LSL contributions from other councils	2	-	127	-	-
Old landfill sites subsidence program	2	-	-	-	-
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,421</b>	<b>5,241</b>	<b>5,194</b>	<b>3,291</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,421</b>	<b>5,241</b>	<b>5,194</b>	<b>3,291</b>
<b>Total grants and non-developer contributions</b>		<b>7,279</b>	<b>8,859</b>	<b>5,194</b>	<b>3,291</b>
<b>Comprising:</b>					
- Commonwealth funding		3,858	3,618	-	-
- State funding		3,421	3,379	5,194	3,152
- Other funding		-	1,862	-	139
		<b>7,279</b>	<b>8,859</b>	<b>5,194</b>	<b>3,291</b>

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing *	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	410	–
S 7.4 – contributions using planning agreements		2	–	–	3,937	4,873
S 7.12 – fixed development consent levies		2	–	–	2,588	–
S 94 – community facilities		2	–	–	2,270	1,671
S 94 – open space		2	–	–	2,750	5,173
S 94 – drainage		2	–	–	–	401
S 94 – traffic facilities		2	–	–	401	823
S 94 – other		2	–	–	–	38
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>12,356</b>	<b>12,979</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	6,087	–
S 7.11 affordable housing		2	–	–	–	17,815
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>6,087</b>	<b>17,815</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>18,443</b>	<b>30,794</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>18,443</b>	<b>30,794</b>
<b>Total grants and contributions</b>			<b>7,279</b>	<b>8,859</b>	<b>23,637</b>	<b>34,085</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			7,279	8,859	23,637	34,085
<b>Total grants and contributions</b>			<b>7,279</b>	<b>8,859</b>	<b>23,637</b>	<b>34,085</b>

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## 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 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,979	2,798	6,908	7,334
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	985	–	614
<b>Add:</b> Funds received and not recognised as revenue in the current year	2,901	–	1,409	–
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2,612)	(804)	(692)	(1,040)
<b>Unspent funds at 30 June</b>	<b>3,268</b>	<b>2,979</b>	<b>7,625</b>	<b>6,908</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.

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## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	(2)	197
– Cash and investments	3,650	5,531
<b>Amortisation of premiums and discounts</b>		
– Debt securities at amortised cost	48	47
<b>Total interest and investment income (losses)</b>	<b>3,696</b>	<b>5,775</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
General Council cash and investments	3,696	5,775
<b>Total interest and investment income</b>	<b>3,696</b>	<b>5,775</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	2021	2020
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		36,484	2,545
<b>Total fair value increment on investment properties</b>	C1-7	<b>36,484</b>	<b>2,545</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		543	599
Lease income relating to variable lease payments not dependent on an index or a rate		–	48
<b>Total Investment properties</b>		<b>543</b>	<b>647</b>
<b>Other lease income</b>			
Commercial buildings		1,084	994
Affordable housing		535	139
Leaseback fees - council vehicles		717	693
Other		1,115	835
<b>Total Other lease income</b>		<b>3,451</b>	<b>2,661</b>
<b>Total rental income</b>	C2-2	<b>3,994</b>	<b>3,308</b>
<b>Total other income</b>		<b>40,478</b>	<b>5,853</b>

## B3 Costs of providing services

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

\$ '000	2021	2020
Salaries and wages	49,271	42,577
Employee leave entitlements (ELE)	4,225	10,791
ELE on-costs	7,760	5,941
Fringe benefit tax (FBT)	177	193
Training costs (other than salaries and wages)	406	239
Other	655	547
<b>Total employee costs</b>	<b>62,494</b>	<b>60,288</b>
Less: capitalised costs	(9,600)	(6,734)
<b>Total employee costs expensed</b>	<b>52,894</b>	<b>53,554</b>

#### Accounting policy

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

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

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

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.

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**B3-2 Materials and services**

\$ '000	Notes	2021	2020
Raw materials and consumables		2,758	1,081
Contractor Costs			
– Roads and footpaths maintenance		592	2,049
– Parks maintenance		1,575	1,482
– Waste disposal, collection and recycling		14,174	13,390
– Construction recycling		315	237
– Temporary and agency staff		2,621	2,895
– Electrical		608	980
– Repairs and maintenance		294	564
– Community Research		–	154
– Events		353	392
– Heritage		–	158
– Labour hire		240	167
– Building cleaning and maintenance		1,574	1,018
– Bush Regeneration		–	531
– Security		370	441
– Project design and construction		1	–
– Home Modification and Maintenance Service		–	187
– Drainage		–	129
– Parking meter		177	190
– Plant hire external		–	119
– Other contractor costs		2,722	2,903
Consultancy Costs			
– Consultants fees – town planning		1,200	1,346
– Consultants fees – project development design		35	38
– Consultants fees – property		–	93
– Consultants fees – risk management		134	141
– Consultants fees – other consultancy costs		1,060	2,144
Audit Fees	E2-1	92	91
Infringement notice contract costs (SEINS)		563	483
Councillor and Mayoral fees and associated expenses	E1-2	469	485
Advertising		449	582
Bank fees and charges		230	263
Computer software charges		3,454	1,204
Electricity and heating		1,019	1,114
Insurance		1,314	1,352
Office expenses (including computer expenses)		110	–
Postage		421	385
Printing and stationery		371	–
Street lighting		2,108	1,877
Communications costs		330	312
Valuation fees		169	172
Other expenses		691	650
Hire and rentals expense		123	–
Membership fees		432	239
Property lease costs		578	539
Property rates and levies		344	–
Water rates		407	359
Library books		500	–
<b>Legal expenses:</b>			
– Legal expenses: planning and development		1,357	510
– Legal expenses: other		476	1,476
<b>Total materials and services</b>		<b>46,810</b>	<b>44,922</b>

### B3-2 Materials and services (continued)

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#### Accounting policy

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

### B3-3 Borrowing costs

Interest on leases	129	165
Interest on loans	44	61
<u>Total borrowing costs expensed</u>	<u>173</u>	<u>226</u>

#### 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.

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		2,052	2,261
Office equipment		1,497	1,022
Furniture and fittings		–	216
Land improvements (depreciable)		–	517
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		3,435	1,737
– Buildings – specialised		1,401	888
– Roads, bridges and other road assets		6,980	7,924
– Stormwater drainage		2,886	1,856
– Bridges		45	–
– Footpaths		1,554	–
– Other open space/recreational assets		2,260	1,235
– Other structures		420	427
Right of use assets	C2-1	1,718	1,582
<b>Other assets:</b>			
– Library books		–	453
<b>Total gross depreciation and amortisation costs</b>		<b>24,248</b>	<b>20,118</b>
Less: capitalised costs		–	(50)
<b>Total depreciation and amortisation costs</b>		<b>24,248</b>	<b>20,068</b>
<b>Impairment / revaluation decrement of IPPE</b>			
- Land		–	19,293
- Infrastructure		–	77,333
– Other		–	119
<b>Total gross IPPE impairment / revaluation decrement costs <sup>1</sup></b>		<b>–</b>	<b>96,745</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>96,745</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>24,248</b>	<b>116,813</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

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets 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 non-financial 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).

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

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

(1) In 2019/20, Council conducted a comprehensive revaluation of its asset classes. This impairment was a result of Council having insufficient Revaluation Reserves to allocate these decrements. These impairments are non-cash decrements and have no impact on Council's working fund positions.

## B3-5 Other expenses

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
Other		209	35
<b>Total impairment of receivables</b>	C1-4	<b>209</b>	<b>35</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Contribution to Dept of Planning		286	281
– Emergency services levy (includes FRNSW, SES, and RFS levies)		2,254	1,987
– Waste levy		3,210	4,409
– Other contributions/levies		5	–
Contributions & donations - community grants		838	1,240
<b>Total other</b>		<b>6,593</b>	<b>7,917</b>
<b>Total other expenses</b>		<b>6,802</b>	<b>7,952</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.

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## B4 Gains or losses

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(117)	–
<b>Gain (or loss) on disposal</b>		<b>(117)</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		2,224	1,352
Less: carrying amount of plant and equipment assets sold/written off		(1,053)	(887)
<b>Gain (or loss) on disposal</b>		<b>1,171</b>	<b>465</b>
<b>Gain (or loss) on disposal of Roads, bridges and footpaths</b>			
	C1-6		
Proceeds from disposal – Roads, bridges and footpaths		939	–
Less: carrying amount of Roads, bridges and footpaths assets sold/written off		(1,166)	–
<b>Gain (or loss) on disposal</b>		<b>(227)</b>	<b>–</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Less: carrying amount of real estate assets sold/written off		–	(452)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(452)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – financial assets <sup>1</sup>		–	3,279
Less: carrying amount of financial assets sold/redeemed/matured <sup>2</sup>		–	(2,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>1,279</b>
<b>Gain (or loss) on disposal of Traffic Facilities &amp; Structures</b>			
Less: carrying amount of Road ancillary assets sold/written off		(28)	–
<b>Gain (or loss) on disposal</b>		<b>(28)</b>	<b>–</b>
<b>Gain (or loss) on disposal of Recreation &amp; Land Improvements</b>			
Less: carrying amount of Park assets sold/written off		(149)	–
<b>Gain (or loss) on disposal</b>		<b>(149)</b>	<b>–</b>
<b>Gain (or loss) on disposal of Drainage assets</b>			
Less: carrying amount of drainage assets sold/written off		(60)	–
<b>Gain (or loss) on disposal</b>		<b>(60)</b>	<b>–</b>
<b>Gain (or loss) on disposal of Library books</b>			
Less: carrying amount of assets sold		–	(1,372)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(1,372)</b>
<b>Gain (or loss) on disposal of Furniture &amp; Fittings</b>			
Less: carrying amount of assets sold		–	(1,832)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(1,832)</b>
<b>Gain (or loss) on disposal of Kerb and gutter</b>			
Proceeds from disposal – kerb and gutter		811	–
Less: carrying amount of kerb and gutter assets sold/written off		(101)	–
<b>Gain (or loss) on disposal</b>		<b>710</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>1,300</b>	<b>(1,912)</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.



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

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- (1) This does not include investments that are rolled over, in full, with the same authorised deposit-taking institution.
- (2) The 2019/2020 figure includes the settlement from legal action

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## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include the impact of the Covid-19 pandemic, state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Other revenues</b>	10,254	6,428	(3,826)	(37)% <b>U</b>
This variance is primarily related to changes made to the Code of Accounting Practices made after Council adopted its original budget. The unfavourable variance is offset by favourable variances in Other Income. This had no net impact on Council's Working capital position.				
<b>Operating grants and contributions</b>	6,394	7,279	885	14% <b>F</b>
A number of grant funded projects that were carried forward from the 2019/20 financial year were completed during the year. These projects were not included in Council's original budget.				
<b>Capital grants and contributions</b>	15,764	23,637	7,873	50% <b>F</b>
Council received an In-Kind Developer Contribution relating to the Lachlans Line development which was not included in the original budget. This increase was offset against lower than anticipated Developer Contributions being received during the year as a result of the State Government changing the timing of payments from developers from construction certificate to occupation certificate.				
<b>EXPENSES</b>				
<b>Materials and services</b>	35,537	46,810	(11,273)	(32)% <b>U</b>
This variance is primarily related to changes made to the Code of Accounting Practices made after Council adopted its original budget. The unfavourable variance is offset by the favourable variances in Other Expenses. This had no impact on Council's working capital position.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	21,804	24,248	(2,444)	(11)% <b>U</b>
This variance is primarily related to Right of Use asset depreciation not captured in Council's original budget. This is a non cash variance and will have no impact on Council's working capital.				
<b>Other expenses</b>	22,431	6,802	15,629	70% <b>F</b>
This variance is primarily related to changes made to the Code of Accounting Practices made after Council adopted its original budget. The favourable variance is offset by the unfavourable variances in Materials and Services. Other material variances include lower than anticipated contributions made during the year.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	3,462	8,990
Cash-equivalent assets		
– Deposits at call <sup>1</sup>	24,483	18,459
– NCD's, FRN's	8,147	–
<b>Total cash and cash equivalents</b>	<b>36,092</b>	<b>27,449</b>

(1) Includes term deposits with a term of less than 3 months

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	36,092	27,449
<b>Balance as per the Statement of Cash Flows</b>	<b>36,092</b>	<b>27,449</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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits <sup>2</sup>	97,950	26,000	62,500	45,000
NCD's, FRN's (with maturities > 3 months)	–	24,999	12,700	37,142
Fixed bonds	1,997	43,667	–	48,623
<b>Total</b>	<b>99,947</b>	<b>94,666</b>	<b>75,200</b>	<b>130,765</b>
<b>Total financial investments</b>	<b>99,947</b>	<b>94,666</b>	<b>75,200</b>	<b>130,765</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>136,039</b>	<b>94,666</b>	<b>102,649</b>	<b>130,765</b>

(2) Does not include term deposits with a term of less than 3 months

## C1-2 Financial investments (continued)

### 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)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

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. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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.

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

### Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations.

### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## C1-2 Financial investments (continued)

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### **Impairment of available for sale investments**

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

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

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>136,039</b>	<b>94,666</b>	102,649	130,765

\$ '000	2021	2020
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	<b>8,898</b>	8,026
<b>External restrictions – included in liabilities</b>	<b>8,898</b>	<b>8,026</b>

#### External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	<b>19,166</b>	95,868
Stormwater management	<b>1,624</b>	1,783
Macquarie park special rate	<b>1,955</b>	1,358
Domestic waste management	<b>19,511</b>	17,847
Infrastructure special rate reserve	<b>6,874</b>	3,161
Other	<b>580</b>	–
<b>External restrictions – other</b>	<b>49,710</b>	<b>120,017</b>
<b>Total external restrictions</b>	<b>58,608</b>	<b>128,043</b>

#### Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Plant and vehicle replacement	<b>4,642</b>	3,135
Employees leave entitlement	<b>5,538</b>	5,067
Incomplete/carry over works and projects	<b>410</b>	296
Refundable deposits	<b>17,447</b>	17,596
Asset replacement reserve	<b>2,431</b>	18,004
Ryde aquatic leisure centre	–	10
Investment property reserve	<b>21,674</b>	21,812
Ryde Central reserve	<b>54,283</b>	19,071
Accommodation reserve	<b>24,563</b>	6,432
Merger and transition reserve	–	72
Workers compensation	<b>3,000</b>	2,450
Council election reserve	<b>777</b>	557
Asset expansion reserve	<b>32,373</b>	–
Affordable housing reserve	<b>605</b>	236
Other	<b>4,354</b>	6,254
<b>Total internal restrictions</b>	<b>172,097</b>	<b>100,992</b>

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges <sup>1</sup>	4,573	–	3,337	–
Interest and extra charges	235	–	362	–
User charges & fees <sup>2</sup>				
User charges and fees – environmental and health	934	–	734	–
User charges and fees – Ryde Aquatic leisure centre	162	–	21	–
User charges and fees – home modification service	22	–	54	–
User charges and fees – property and infrastructure works	772	–	542	–
User charges and fees – recreational facilities	811	–	101	–
User charges and fees – restorations	53	–	914	–
Contributions to works	7	–	6	–
Accrued revenues				
– Interest on investments	957	–	1,329	–
Net investment in finance lease	–	–	–	–
Government grants and subsidies	2,293	–	1,691	–
Net GST receivable	2,197	–	2,345	–
Commercial waste	417	–	475	–
Community Recycle Centre	–	22	–	22
Workers compensation	2	–	37	–
Fines	364	–	125	–
Asset sales	182	–	152	–
Other debtors	49	–	73	–
Voluntary planning agreement	–	–	27	–
<b>Total</b>	<b>14,030</b>	<b>22</b>	<b>12,325</b>	<b>22</b>
<b>Less: provision of impairment</b>				
User charges and fees	(556)	–	(381)	–
<b>Total provision for impairment – receivables</b>	<b>(556)</b>	<b>–</b>	<b>(381)</b>	<b>–</b>
<b>Total net receivables</b>	<b>13,474</b>	<b>22</b>	<b>11,944</b>	<b>22</b>

(1) Rates and annual charges are secured by underlying properties

(2) User fees and charges are unsecured. A provision for impairment (doubtful debts) has already been provided

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	381	378
+ new provisions recognised during the year	175	25
– amounts already provided for and written off this year	–	(22)
<b>Balance at the end of the year</b>	<b>556</b>	<b>381</b>

## C1-4 Receivables (continued)

### Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 14 days.

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

### 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, when the receivables are of a value where recovery is no longer economically viable.

None of the receivables that have been written off are subject to enforcement activity

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

Rates and annual charges outstanding are secured against the property.



## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	709	-	695	-
<b>Total inventories at cost</b>	<b>709</b>	<b>-</b>	<b>695</b>	<b>-</b>
<b>Total inventories</b>	<b>709</b>	<b>-</b>	<b>695</b>	<b>-</b>

### Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2021	2020
Stores and materials <sup>1</sup>	447	544
	<b>447</b>	<b>544</b>

(1) This represents a stockpile of material that is held at Porters Creek, made from recycled building materials and it will take more than 12 months for this to be used.

### 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.

#### Inventory held for distribution

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Asset revaluation – gross book value	Asset revaluation – accumulated depreciation and impairment	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	17,508	–	17,508	14,870	17,108	–	–	(10,822)	–	–	38,664	–	38,664
Plant and equipment	30,149	(18,756)	11,393	3,640	–	(1,053)	(2,052)	–	–	–	30,185	(18,257)	11,928
Office equipment	13,625	(9,027)	4,598	1,428	225	–	(1,497)	752	–	–	16,030	(10,524)	5,506
Leased plant and equipment	163	(163)	–	–	–	–	–	–	–	–	163	(163)	–
<b>Land:</b>													
– Operational land	337,353	–	337,353	–	–	–	–	–	–	–	337,353	–	337,353
– Community land	99,016	–	99,016	–	–	–	–	–	–	–	99,016	–	99,016
– Crown land	46,203	–	46,203	–	–	–	–	–	–	–	46,203	–	46,203
– Land under roads (post 30/6/08)	1,234	–	1,234	–	–	–	–	–	–	–	1,234	–	1,234
<b>Infrastructure:</b>													
- Roadside structures	18,791	(3,933)	14,858	6	135	(6)	(702)	154	–	–	19,078	(4,633)	14,445
- Foreshore Assets	13,633	(4,367)	9,266	804	–	–	(153)	574	–	–	15,010	(4,520)	10,490
- Carparks	13,309	(2,277)	11,032	116	–	(174)	(267)	–	4,056	(3,407)	17,299	(5,945)	11,354
– Road pavement	270,939	(97,598)	173,341	2,074	1,153	(676)	(4,594)	906	–	–	273,532	(101,328)	172,204
– Traffic facilities and devices	23,092	(4,528)	18,564	522	–	(22)	(532)	–	–	–	23,578	(5,045)	18,533
– Kerb and guttering	115,157	(50,192)	64,965	372	127	(101)	(1,152)	618	–	–	116,085	(51,254)	64,831
– Buildings – non-specialised	159,861	(87,138)	72,723	738	435	(117)	(3,435)	1,718	–	–	162,618	(90,556)	72,062
– Bridges	4,273	(1,795)	2,478	421	–	–	(45)	–	12,883	(3,158)	17,578	(4,999)	12,579
– Footpaths and cycleways	119,983	(62,056)	57,927	739	4,424	(315)	(1,554)	2,936	–	–	127,322	(63,165)	64,157
– Stormwater drainage	288,242	(97,756)	190,486	1,571	282	(59)	(2,886)	2,410	–	–	292,326	(100,522)	191,804
– Aquatic leisure centre	60,037	(17,969)	42,068	167	–	–	(1,401)	–	–	–	60,204	(19,370)	40,834
– Recreation and land improvements	81,312	(13,843)	67,469	1,169	2,624	(149)	(2,260)	754	–	–	85,368	(15,761)	69,607
<b>Other assets:</b>													
– Heritage collections	110	–	110	–	–	–	–	–	–	–	111	(1)	110
<b>Total infrastructure, property, plant and equipment</b>	<b>1,713,990</b>	<b>(471,398)</b>	<b>1,242,592</b>	<b>28,637</b>	<b>26,513</b>	<b>(2,672)</b>	<b>(22,530)</b>	<b>–</b>	<b>16,939</b>	<b>(6,565)</b>	<b>1,778,957</b>	<b>(496,043)</b>	<b>1,282,914</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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Asset revaluation - gross book value	Asset revaluation - accumulated depreciation and impairment	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	11,748	–	11,748	–	17,279	–	–	–	(11,519)	–	–	17,508	–	17,508
Plant and equipment	28,571	(17,974)	10,597	869	3,075	(887)	(2,261)	–	–	–	–	30,149	(18,756)	11,393
Office equipment	11,244	(8,006)	3,238	1,431	271	–	(1,022)	–	680	–	–	13,625	(9,027)	4,598
Furniture and fittings	5,918	(3,982)	1,936	73	39	(1,832)	(216)	–	–	–	–	–	–	–
Leased plant and equipment	163	(163)	–	–	–	–	–	–	–	–	–	163	(163)	–
<b>Land:</b>														
– Operational land	220,018	–	220,018	–	11,313	–	–	–	–	106,022	–	337,353	–	337,353
– Community land	104,652	–	104,652	–	–	–	–	–	–	(5,636)	–	99,016	–	99,016
– Crown land	42,659	–	42,659	–	–	–	–	–	–	3,544	–	46,203	–	46,203
– Land under roads (post 30/6/08)	1,155	–	1,155	–	–	–	–	–	–	79	–	1,234	–	1,234
Land improvements – non-depreciable	10,265	–	10,265	1,050	213	–	–	–	71	(11,599)	–	–	–	–
Land improvements – depreciable	20,201	(14,465)	5,736	15	368	–	(517)	–	–	(20,584)	14,982	–	–	–
<b>Infrastructure:</b>														
– Buildings – non-specialised	127,575	(75,106)	52,469	1,086	6,809	(452)	(1,737)	–	475	26,931	(12,858)	159,861	(87,138)	72,723
– Other structures	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Buildings – specialised	–	–	–	–	–	–	(888)	–	–	–	–	–	–	–
– Roads	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Road pavement	307,178	(76,741)	230,437	6,974	187	–	(6,101)	–	349	(43,749)	(14,756)	270,939	(97,598)	173,341
– Traffic facilities and devices	7,398	(3,998)	3,400	1,363	672	–	(148)	–	660	13,758	(1,141)	23,092	(4,528)	18,564
– Bridges	4,179	(1,750)	2,429	94	–	–	(45)	–	–	–	–	4,273	(1,795)	2,478
– Footpaths and cycleways	64,878	(11,135)	53,743	1,894	3,488	–	(585)	–	4,996	44,727	(50,336)	119,983	(62,056)	57,927
– Kerb and guttering	104,522	(15,126)	89,396	2,282	1	–	(697)	–	497	7,855	(34,369)	115,157	(50,192)	64,965
– Open space / recreational assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
- Carparks	13,299	(1,917)	11,382	11	–	–	(360)	–	–	(1)	–	13,309	(2,277)	11,032
- Foreshore Assets	5,406	(1,152)	4,254	120	–	–	(62)	–	24	8,083	(3,153)	13,633	(4,367)	9,266
Roadside structures	14,390	(3,863)	10,527	94	213	–	(348)	–	10	3,325	1,037	18,791	(3,933)	14,858
– Stormwater drainage	271,512	(67,346)	204,166	3,152	90	–	(1,856)	–	3,282	10,206	(28,554)	288,242	(97,756)	190,486
– Aquatic leisure centre	53,168	(15,068)	38,100	89	–	–	(888)	–	–	6,780	(2,013)	60,037	(17,969)	42,068
– Recreation and land improvements	77,617	(11,538)	66,079	823	190	–	(1,240)	–	475	2,206	(1,064)	81,312	(13,843)	67,469
<b>Other assets:</b>														
– Heritage collections	229	–	229	–	–	–	–	–	–	(119)	–	110	–	110
– Library books	3,229	(1,969)	1,260	355	210	(1,372)	(453)	–	–	–	–	–	–	–
– Other	–	–	–	–	–	–	–	96,626	–	–	–	–	–	–
<b>Total infrastructure, property, plant and equipment</b>	<b>1,511,174</b>	<b>(331,299)</b>	<b>1,179,875</b>	<b>21,775</b>	<b>44,418</b>	<b>(4,543)</b>	<b>(19,424)</b>	<b>96,626</b>	<b>–</b>	<b>151,828</b>	<b>(132,225)</b>	<b>1,713,990</b>	<b>(471,398)</b>	<b>1,242,592</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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal Valuation).
- Drainage assets – (Internal Valuation).
- Bulk earthworks – (Internal Valuation).
- Community land – (Valuer General).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

Depreciation is represented by straight line depreciation over the useful life.

The following table sets out the range of useful lives and depreciation.

Asset Category	Useful Life (Years)	Depreciation Rate
Drainage assets	40 - 200	0.50% - 2.50%
Land Improvements	25 - 25	4.00% - 4.00%
Other assets	20 - 50	2.00% - 5.00%
Other structures	20 - 150	0.67% - 5.00%
Road assets – roads, bridges and footpaths	15 - 200	0.50% - 6.67%
Plant & Equipment	5 - 50	2.00% - 20.00%
Buildings - Specialised/Non Specialised	40-100	1.00% - 2.50%

Operational land was last valued as at 30 June 2020 and Community Land has been valued using the Valuer General rates with a base date of 1/7/2019.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and will revalue the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; 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 at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. In determining the useful lives and unit rates for each asset type, an evidence based approach has been taken. For most assets, there is no ready "tradeable" market, and councils are the major if not only provider of such assets (e.g. local roads and their drainage). In-house technical expertise is available and is used. The major exceptions are land and buildings, which are valued externally.

Where a condition review of assets discloses an error in the quantity of the asset, this will be adjusted as a prior period adjustment only if material.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

### 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.

Councils has no control of any Rural Fire Services assets.

## C1-7 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	157,235	120,715
<b>Total owned investment property</b>	<b>157,235</b>	<b>120,715</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	120,715	118,170
Net gain/(loss) from fair value adjustments	36,484	2,545
Capitalised subsequent expenditure	36	–
<b>Closing balance at 30 June</b>	<b>157,235</b>	<b>120,715</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 part of other income.

## C1-8 Other

### Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	1,102	–	1,424	–
Prepayments – waste alliance	784	–	740	–
Other	5,000	–	–	–
<b>Total other assets</b>	<b>6,886</b>	<b>–</b>	<b>2,164</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets such as land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council holds two leases for the administrative building at Richardson Place, North Ryde (NRO). The original lease terms were to 30 April 2021 and have subsequently been renewed to 30 April 2026, including a right to terminate with a minimum term of 3 years.

The building leases contain an annual pricing mechanism based on a fixed increase at each anniversary of the lease inception.

#### Extension options

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the early termination or extension options will be exercised.

#### (a) Right of use assets

\$ '000	Land & Buildings	Total
<b>2021</b>		
Opening balance at 1 July	6,052	6,052
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	2,520	2,520
Depreciation charge	(1,718)	(1,718)
<b>Balance at 30 June</b>	<b>6,854</b>	<b>6,854</b>
Right of Use asset is for the administrative building		
<b>2020</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	7,634	7,634
Depreciation charge	(1,582)	(1,582)
<b>Balance at 30 June</b>	<b>6,052</b>	<b>6,052</b>

Right of Use asset is for the administrative building

#### (b) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	2,117	4,235	–	6,352	6,352
<b>2020</b>					
Cash flows	1,925	3,839	–	5,764	5,764

#### (c) Income Statement

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

\$ '000	2021	2020
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## C2-1 Council as a lessee (continued)

\$ '000	2021	2020
Interest on lease liabilities	129	165
Depreciation of right of use assets	1,718	1,582
Expenses relating to low-value leases	–	1,747
	<b>1,847</b>	<b>3,494</b>

### (d) Statement of Cash Flows

Total cash outflow for leases	(2,060)	(1,952)
	<b>(2,060)</b>	<b>(1,952)</b>

### (e) Leases at significantly below market value – concessionary / peppercorn leases

#### 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 received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

#### Exceptions to lease accounting

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

#### Leases at significantly below market value / Concessionary leases

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

## C2-2 Council as a lessor

### Operating leases

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

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

## C2-2 Council as a lessor (continued)

\$ '000	2021	2020
Investment property operating leases principally comprise of freehold buildings, commercial spaces and residential townhouses.		
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)	543	599
Lease income relating to variable lease payments not dependent on an index or a rate	–	48
<b>Total income relating to operating leases for investment property assets</b>	<b>543</b>	<b>647</b>
<b>Operating lease expenses</b>		
Direct operating expenses that generated rental income	(3)	(165)
<b>Total expenses relating to operating leases</b>	<b>(3)</b>	<b>(165)</b>

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

Council provides operating leases on Council properties and buildings for the purpose of community services which must be provided by Council as well as where buildings may be leased at market value where the asset is held for future Council or community needs.

Lease income (excluding variable lease payments not dependent on an index or rate)	2,017	769
Lease income relating to variable lease payments not dependent on an index or a rate	717	1,892
<b>Total income relating to operating leases for Council assets</b>	<b>2,734</b>	<b>2,661</b>

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

\$ '000	2021	2020
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### (iii) Maturity analysis of contractual lease income

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

< 1 year	466	378
1–2 years	451	350
2–3 years	301	363
3–4 years	99	377
4–5 years	–	112
<b>Total undiscounted lease payments to be received</b>	<b>1,317</b>	<b>1,580</b>

### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

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

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.



## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	5,492	–	7,873	–
Accrued expenses:				
– Other expenditure accruals	5,311	–	3,169	–
Security bonds, deposits and retentions	17,401	–	17,219	–
Refundable fees	–	–	248	–
Government departments and agencies	10	–	–	–
Prepaid rates	822	–	872	–
Other	47	–	65	–
<b>Total payables</b>	<b>29,083</b>	<b>–</b>	<b>29,446</b>	<b>–</b>
<b>Total payables</b>	<b>29,083</b>	<b>–</b>	<b>29,446</b>	<b>–</b>

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

\$ '000	2021	2020
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	13,920	13,775
<b>Total payables</b>	<b>13,920</b>	<b>13,775</b>

## C3-1 Payables (continued)

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	–	5,470	–	5,573
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	3,428	–	2,451	–
<b>Total grants received in advance</b>		<b>3,428</b>	<b>5,470</b>	<b>2,451</b>	<b>5,573</b>
<b>User fees and charges received in advance:</b>					
Upfront fees – leisure centre	(iii)	18	–	174	–
Other		1,291	–	504	–
<b>Total user fees and charges received in advance</b>		<b>1,309</b>	<b>–</b>	<b>678</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>4,737</b>	<b>5,470</b>	<b>3,129</b>	<b>5,573</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.

(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.

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

### 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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured <sup>1</sup>	338	762	317	1,091
<b>Total borrowings</b>	<b>338</b>	<b>762</b>	<b>317</b>	<b>1,091</b>

(1) Council is currently receiving a Low Interest Rate Subsidy (LIRS) for the loans to subsidise the interest payments of these loans.

### C3-3 Borrowings (continued)

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

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
<b>\$ '000</b>							
Loans – secured	1,408	(308)	–	–	–	–	1,100
Lease liability (Note C2-1b)	5,764	588	–	–	–	–	6,352
<b>Total liabilities from financing activities</b>	<b>7,172</b>	<b>280</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,452</b>

	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
<b>\$ '000</b>							
Loans – secured	1,710	(302)	–	–	–	–	1,408
Lease liability (Note C2-1b)	–	5,764	–	–	–	–	5,764
<b>Total liabilities from financing activities</b>	<b>1,710</b>	<b>5,462</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,172</b>

#### (b) Financing arrangements

<b>\$ '000</b>	2021	2020
<b>Total facilities</b>		
Credit cards/purchase cards	106	103
<b>Total financing arrangements <sup>1</sup></b>	<b>106</b>	<b>103</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	106	103
<b>Total undrawn financing arrangements</b>	<b>106</b>	<b>103</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

(1) Council has no bank overdraft facility

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual and other accrued leave	4,694	–	4,689	–
Sick leave	163	–	178	–
Long service leave	9,480	1,044	9,798	294
Other employee provisions	2,044	–	607	–
<b>Total employee benefit provisions</b>	<b>16,381</b>	<b>1,044</b>	<b>15,272</b>	<b>294</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,250	7,963
	<b>8,250</b>	<b>7,963</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 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 workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements in the revaluation of non-current assets

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## D Risks and accounting uncertainties

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

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

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

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying value.

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

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,307	2,334
Impact of a 10% movement in price of investments		
– Equity / Income Statement <sup>1</sup>	–	–

(1) Movements in the price of investments is not calculated, as tradable investments are purchased with the intent to hold to maturity, at which point they are redeemed at face value.

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## 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.

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.

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.

The profile of the Council's receivables credit risk at balance date was:

#### 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	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	3,166	793	479	135	4,573
2020						
Gross carrying amount	–	2,408	434	418	77	3,337

##### 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	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	9,479	–	–	–	–	9,479
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2020						
Gross carrying amount	362	7,347	300	153	848	9,010
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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

### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

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

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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	17,401	–	–	–	17,401	28,261
Loans and advances	0.00%	–	–	–	–	–	1,100
<b>Total financial liabilities</b>		<b>17,401</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,401</b>	<b>29,361</b>
<b>2020</b>							
Trade/other payables	0.00%	17,219	29,446	–	–	46,665	28,574
Loans and advances	2.65%	–	367	1,167	–	1,534	1,408
<b>Total financial liabilities</b>		<b>17,219</b>	<b>29,813</b>	<b>1,167</b>	<b>–</b>	<b>48,199</b>	<b>29,982</b>



## D2 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

### 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 asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2021	2020
		2021	2020	2021	2020		
<b>Recurring fair value measurements</b>							
<b>Investment property</b> C1-7							
Investment properties		157,235	120,715	–	–	157,235	120,715
<b>Total investment property</b>		<b>157,235</b>	<b>120,715</b>	<b>–</b>	<b>–</b>	<b>157,235</b>	<b>120,715</b>
<b>Infrastructure, property, plant and equipment</b> C1-6							
- Operational land		337,353	337,353	–	–	337,353	337,353
- Community land		–	–	145,219	145,219	145,219	145,219
- Land under roads		–	–	1,234	1,234	1,234	1,234
- Buildings (Specialised and non-specialised)		–	–	112,896	114,791	112,896	114,791
- Roads, Bridges, Footpaths		–	–	332,304	317,275	332,304	317,275
- Stormwater drainage		–	–	191,804	190,486	191,804	190,486
<b>Total infrastructure, property, plant and equipment</b>		<b>337,353</b>	<b>337,353</b>	<b>783,457</b>	<b>769,005</b>	<b>1,120,810</b>	<b>1,106,358</b>

### Non-recurring fair value measurements

### Valuation techniques

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government. Further details of the revaluations policy is provided under Note C1-6

### Investment property

On an annual basis, Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2021, the fair values of the properties have been determined by Scott Fullarton Valuations Pty Ltd.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property has been determined using the market approach.

### Infrastructure, property, plant and equipment (IPPE)

#### Land (Operational)

## D2 Fair value measurement (continued)

The fair value of Operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

Operational Land was last revalued as at 30 June 2020 as determined by Scott Fullarton Valuations Pty Ltd.

### Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were revalued in the 30 June 2020 financial year and the fair values were determined by Scott Fullarton Valuations Pty Ltd.

With the exception of the Civic Centre which is impaired and currently under review, the Gross Value of each building is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre has been benchmarked to construction costs of similar properties across the industry.

#### Level 3 measurements

### Land (Community and Land under road)

Community Land has been valued by the Valuer General as at 1 July 2019. Council has resolved to not recognise Land Under Roads (LUR) acquired before 1 July 2008.

The key unobservable input to the valuation is a discount rate of 90% (englobo method) on the council/municipal average value.

### Infrastructure assets

Valuations for infrastructure assets are performed internally by Council's engineering team. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square metres, lineal metres or individual items.

The unit rate, which is a key unobservable input, is determined using an assessment of average historical internal costs, and rates from contracts with third party suppliers. Infrastructure assets were last revalued at 30 June 2020.

The information presented in the Fair Value Measure Hierarchy table on unobservable input has been limited to significant components of the infrastructure assets as it is impracticable to provide information for all components.

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

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

\$ '000	Level 3		Level 2		Total	
	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>769,005</b>	822,606	<b>458,068</b>	338,188	<b>1,227,073</b>	1,160,794
<b>Total gains or losses for the period</b>						
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	2,545	–	2,545
Recognised in other comprehensive income – revaluation surplus	<b>9,725</b>	(79,532)	<b>36,520</b>	106,022	<b>46,245</b>	26,490
<b>Other movements</b>						
Purchases (GBV)	<b>21,616</b>	38,440	–	11,313	<b>21,616</b>	49,753
Disposals (WDV)	<b>(1,290)</b>	(452)	–	–	<b>(1,290)</b>	(452)
Other movements	<b>(15,599)</b>	(12,057)	–	–	<b>(15,599)</b>	(12,057)
<b>Closing balance</b>	<b>783,457</b>	769,005	<b>494,588</b>	458,068	<b>1,278,045</b>	1,227,073

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

## D2 Fair value measurement (continued)

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There were no transfers of assets and liabilities between the hierarchies

### Highest and best use

Current use of the assets noted above reflects the highest and best use as Operational Assets, and in accordance with current planning restrictions, the exceptions being the Investment Properties, which are to be developed, and may require planning changes to allow the development

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## 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 formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

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

Pooled Employers are required to pay 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 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% 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 \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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 Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$ 85,008. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

Council's expected contribution to the plan for the next annual reporting period is \$85,000.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

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

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

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

\* Plus promotional increases

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

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, which will be a triennial actuarial investigation will be completed by December 2021

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## D3-1 Contingencies (continued)

### 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) s7.11 Plans

Council levies s7.11 plans upon various developments across the Council area through the required Contributions Plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's general funds.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans.

### 3. Remediation works

#### (i) Old landfill sites

The Council has a number of old landfill sites that were used for the purpose of disposal of domestic and other waste, which have since been converted to playing fields. No known liability arises from any potential toxicity or subterranean leakage, but there will be ongoing remediation works that may be required from time to time to reinstate the playing surfaces, due to subsidence following further settling of the waste within the landfill.

Council has not, as yet, been able to reliably determine the quantum of liability for this future works.

### ASSETS NOT RECOGNISED

#### (i) 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.

#### (ii) Pedestrian Bridge and Tunnel, Top Ryde

Council, as part of the approval of a Development Application for the Top Ryde City Shopping Centre entered into an agreement with the owners and developers, Bevillesta Pty Ltd, where a monetary contribution was paid for the purchase of a tract of land at the front of Council's Administration Centre, 1 Devlin St, Ryde. Also one of the conditions of the Development Application was a long-term lease of 49 years, with a 50 year option, between Council and the developers, where Council leased to the developer the airspace in which a number of assets were to be constructed.

This represents a contingent asset that will become Council's assets at the end of the lease.

## E People and relationships

### E1 Related party disclosures

#### E1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. City of Ryde KMP's are identified as the Councillors, General Manager and Directors.

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

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	2,211	2,079
Post-employment benefits	110	105
Other long-term benefits	59	58
Termination benefits	25	–
<b>Total</b>	<b>2,405</b>	<b>2,242</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.

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

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	89	69
Councillors' fees	365	309
Other Councillors' expenses (including Mayor)	15	107
<b>Total</b>	<b>469</b>	<b>485</b>

## E1-3 Other related parties

Nil

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## E2 Other relationships

### E2-1 Audit fees

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

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements

92	91
<b>92</b>	<b>91</b>

#### Remuneration for audit and other assurance services

#### Total Auditor-General remuneration

92	91
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#### Total audit fees

92	91
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## F Other matters

### F1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>67,546</b>	(55,039)
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	24,248	20,068
Net losses/(gains) on disposal of assets	(1,300)	1,912
Non-cash capital grants and contributions	(6,087)	(17,815)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(36,484)	(2,545)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	96,745
Amortisation of premiums, discounts and prior period fair valuations		
– ‘Held to maturity’ financial assets	(48)	(47)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(1,705)	2,684
Increase/(decrease) in provision for doubtful debts	175	3
Decrease/(increase) in inventories	(14)	51
Decrease/(increase) in other assets	(4,722)	787
Increase/(decrease) in payables	(2,381)	(7,815)
Increase/(decrease) in accrued interest payable	–	(7)
Increase/(decrease) in other accrued expenses payable	2,142	–
Increase/(decrease) in other liabilities	(124)	–
Increase/(decrease) in contract liabilities	1,505	–
Increase/(decrease) in employee leave entitlements	1,859	907
<b>Net cashflows from operating activities</b>	<b>44,610</b>	<b>39,889</b>
<b>(b) Non-cash investing and financing activities</b>		
Developer contributions ‘in kind’	6,087	–
<b>Total non-cash investing and financing activities</b>	<b>6,087</b>	<b>–</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

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

#### Property, plant and equipment

Land	–	700
Buildings	91,756	124,325
Other Structures	7,331	135
Infrastructure	2,895	1,811
<b>Total commitments</b>	<b>101,982</b>	<b>126,971</b>

#### Details of capital commitments

Major commitments include the Ryde Central project, Rowe St multi level carpark, Meadowbank Park project and Ryedale Rd public domain upgrade.

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## F3 Statement of developer contributions as at 30 June 2021

### F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended/ repealed	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash				
Community & Culture	23,798	2,272	-	-	(23,798)	2,272	-
Open Space and Public Domain	63,000	2,752	2,020	-	(63,382)	2,370	-
Roads, Traffic, Carpark and Cycleways	-	401	4,068	-	-	401	-
Stormwater Management	1,193	-	-	-	(1,193)	-	-
Administration	-	410	-	-	-	410	-
<b>S7.11 contributions – under a plan</b>	<b>87,991</b>	<b>5,835</b>	<b>6,088</b>	<b>-</b>	<b>(88,373)</b>	<b>5,453</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>-</b>	<b>2,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,590</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>87,991</b>	<b>8,425</b>	<b>6,088</b>	<b>-</b>	<b>(88,373)</b>	<b>8,043</b>	<b>-</b>
S7.4 planning agreements	7,877	3,937	-	-	(691)	11,123	-
<b>Total contributions</b>	<b>95,868</b>	<b>12,362</b>	<b>6,088</b>	<b>-</b>	<b>(89,064)</b>	<b>19,166</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.

### F3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended/ repealed	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash				
<b>CONTRIBUTION PLAN 1 <sup>1</sup></b>							
Community & Culture	23,798	-	-	-	(23,798)	-	-
Open Space and Public Domain	63,000	-	-	-	(63,000)	-	-
Stormwater Management	1,193	-	-	-	(1,193)	-	-
<b>Total</b>	<b>87,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(87,991)</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2</b>							
Community & Culture	-	2,272	-	-	-	2,272	-
Open Space and Public Domain	-	2,752	2,020	-	(382)	2,370	-
Roads, Traffic, Carparks and Cycleways	-	401	4,068	-	-	401	-
Administration	-	410	-	-	-	410	-
<b>Total</b>	<b>-</b>	<b>5,835</b>	<b>6,088</b>	<b>-</b>	<b>(382)</b>	<b>5,453</b>	<b>-</b>

(1) Council repealed this plan as of 1 July 2020.

### S7.12 Levies – under a plan

#### CONTRIBUTION PLAN 2

Other	-	2,590	-	-	-	2,590	-
<b>Total</b>	<b>-</b>	<b>2,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,590</b>	<b>-</b>

### F3-3 S7.4 planning agreements

#### VPA

Other	7,877	3,937	-	-	(691)	11,123	-
<b>Total</b>	<b>7,877</b>	<b>3,937</b>	<b>-</b>	<b>-</b>	<b>(691)</b>	<b>11,123</b>	<b>-</b>

## F4 Statement of performance measures

### F4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	6,334	4.62%	3.42%	10.38%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	137,052				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	129,773	80.76%	74.01%	71.18%	> 60.00%
Total continuing operating revenue <sup>1</sup>	160,689				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	137,794	6.38x	2.09x	2.73x	> 1.50x
Current liabilities less specific purpose liabilities	21,588				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	30,755	12.75x	51.74x	31.74x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,413				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	4,808	4.60%	3.72%	5.03%	< 5.00%
Rates and annual charges collectable	104,579				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	160,042	17.13	13.31	16.80	> 3.00
Monthly payments from cash flow of operating and financing activities	9,340	mths	mths	mths	mths

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

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

## Council of the City of Ryde

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Independent Auditor's Report

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

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## Council of the City of Ryde

### General Purpose Financial Statements for the year ended 30 June 2021

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#### Independent Auditor's Report

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

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# Special Purpose Financial Statements

for the year ended  
30 June 2021

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Council of the City of Ryde

 City of Ryde



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(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

# Council of the City of Ryde

## Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2021.

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Councillor Jerome Laxale  
**Mayor**  
26 October 2021

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Councillor  
**Councillor**  
26 October 2021

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George Dedes  
**General Manager**  
26 October 2021

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Pavle Kuzmanovski  
**Responsible Accounting Officer**  
26 October 2021

## Council of the City of Ryde

### Income Statement of Ryde Aquatic Leisure Centre

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>Income from continuing operations</b>		
User charges	5,076	3,850
Other income	20	20
<b>Total income from continuing operations</b>	<b>5,096</b>	<b>3,870</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,379	3,355
Materials and services	1,457	490
Depreciation, amortisation and impairment	1,423	2,013
Calculated taxation equivalents	164	183
Other expenses	62	59
<b>Total expenses from continuing operations</b>	<b>6,485</b>	<b>6,100</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,389)</b>	<b>(2,230)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,389)</b>	<b>(2,230)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,389)</b>	<b>(2,230)</b>
<b>Surplus (deficit) after tax</b>	<b>(1,389)</b>	<b>(2,230)</b>
<b>Plus accumulated surplus</b>	<b>32,025</b>	<b>34,072</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	164	183
<b>Closing accumulated surplus</b>	<b>30,800</b>	<b>32,025</b>
<b>Return on capital %</b>	<b>(3.3)%</b>	<b>(5.0)%</b>
<b>Subsidy from Council</b>	<b>2,016</b>	<b>2,624</b>

## Council of the City of Ryde

### Income Statement of Commercial Waste Management

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	1,273	1,295
<b>Total income from continuing operations</b>	<b>1,273</b>	<b>1,295</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	39	50
Materials and services	310	309
Other expenses	302	276
<b>Total expenses from continuing operations</b>	<b>651</b>	<b>635</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>622</b>	<b>660</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>622</b>	<b>660</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>622</b>	<b>660</b>
Less: corporate taxation equivalent [based on result before capital]	(162)	(198)
<b>Surplus (deficit) after tax</b>	<b>460</b>	<b>462</b>
<b>Plus accumulated surplus</b>	<b>200</b>	<b>200</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	171	–
– Corporate taxation equivalent	162	198
<b>Less:</b>		
– TER dividend paid	(171)	(198)
– Dividend paid	(622)	(462)
<b>Closing accumulated surplus</b>	<b>200</b>	<b>200</b>

## Council of the City of Ryde

### Statement of Financial Position of Ryde Aquatic Leisure Centre

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7	10
Receivables	162	9
Inventories	–	12
Other	2,677	9,141
<b>Total current assets</b>	<b>2,846</b>	<b>9,172</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	42,068	44,725
<b>Total non-current assets</b>	<b>42,068</b>	<b>44,725</b>
<b>Total assets</b>	<b>44,914</b>	<b>53,897</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	530	377
Borrowings	–	333
Income received in advance	20	18
Employee benefit provisions	819	850
<b>Total current liabilities</b>	<b>1,369</b>	<b>1,578</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	52	16
<b>Total non-current liabilities</b>	<b>52</b>	<b>16</b>
<b>Total liabilities</b>	<b>1,421</b>	<b>1,594</b>
<b>Net assets</b>	<b>43,493</b>	<b>52,303</b>
<b>EQUITY</b>		
Retained earnings	30,800	32,025
Revaluation reserves	12,693	12,693
<b>Total equity</b>	<b>43,493</b>	<b>44,718</b>

## Council of the City of Ryde

### Statement of Financial Position of Commercial Waste Management

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	406	464
<b>Total current assets</b>	<b>406</b>	<b>464</b>
<b>Total assets</b>	<b>406</b>	<b>464</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	158	61
Borrowings	–	179
Employee benefit provisions	33	13
<b>Total current liabilities</b>	<b>191</b>	<b>253</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	15	11
<b>Total non-current liabilities</b>	<b>15</b>	<b>11</b>
<b>Total liabilities</b>	<b>206</b>	<b>264</b>
<b>Net assets</b>	<b>200</b>	<b>200</b>
<b>EQUITY</b>		
Retained earnings	200	200
<b>Total equity</b>	<b>200</b>	<b>200</b>

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## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### Ryde Aquatic Leisure Centre

Provision of aquatic and dry court sports and leisure facilities

#### Category 2

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

##### Commercial Waste Removal

Commercial waste collection, recycling and disposal.

##### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### Notional rate applied (%)

Corporate income tax rate – **26%** (19/20 27.5%)



## Note – Significant Accounting Policies (continued)

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

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

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/21.

#### (iii) Dividends

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

## Council of the City of Ryde

### Special Purpose Financial Statements for the year ended 30 June 2021

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

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# Special Schedules

for the year ended  
30 June 2021

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## Council of the City of Ryde

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	70,973	75,401
Plus or minus adjustments <sup>2</sup>	b	2,047	819
<b>Notional general income</b>	c = a + b	<b>73,020</b>	<b>76,220</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	1,899	1,524
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>74,919</b>	<b>77,744</b>
Plus (or minus) last year's carry forward total	l	483	1
<b>Sub-total</b>	n = (l + m)	<b>483</b>	<b>1</b>
<b>Total permissible income</b>	o = k + n	<b>75,402</b>	<b>77,745</b>
Less notional general income yield	p	75,401	77,745
<b>Catch-up or (excess) result</b>	q = o - p	<b>1</b>	<b>-</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>1</b>	<b>-</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.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Council of the City of Ryde

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	5,508	4,491	72,062	162,618	27.4%	5.1%	38.8%	6.7%	22.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>5,508</b>	<b>4,491</b>	<b>72,062</b>	<b>162,618</b>	<b>27.4%</b>	<b>5.1%</b>	<b>38.8%</b>	<b>6.7%</b>	<b>22.0%</b>
Roads	Roads	1,193	1,193	561	389	172,204	273,532	31.3%	39.2%	20.7%	8.4%	0.5%
	Bridges	4	4	55	11	12,580	17,578	38.6%	10.6%	49.2%	1.6%	0.0%
	Footpaths and cycleways	354	354	1,569	1,775	64,157	127,322	15.6%	21.1%	55.7%	7.4%	0.3%
	Kerb and Gutter	3	3	849	705	64,831	116,085	1.1%	27.5%	71.4%	0.1%	0.0%
	Other road assets	285	285	1,852	1,910	32,977	42,655	31.7%	55.3%	11.6%	0.7%	0.7%
	<b>Sub-total</b>	<b>1,839</b>	<b>1,839</b>	<b>4,886</b>	<b>4,790</b>	<b>346,749</b>	<b>577,172</b>	<b>22.0%</b>	<b>33.2%</b>	<b>38.8%</b>	<b>5.7%</b>	<b>0.3%</b>
Stormwater drainage	Stormwater drainage	10,558	10,558	924	956	191,804	292,326	9.6%	48.3%	26.6%	12.0%	3.6%
	<b>Sub-total</b>	<b>10,558</b>	<b>10,558</b>	<b>924</b>	<b>956</b>	<b>191,804</b>	<b>292,326</b>	<b>9.6%</b>	<b>48.3%</b>	<b>26.6%</b>	<b>12.0%</b>	<b>3.6%</b>
Open space / recreational assets	Swimming pools	1,609	1,609	473	281	58,803	60,204	0.0%	0.0%	100.0%	0.0%	0.0%
	Other	610	610	7,305	6,832	69,607	85,368	51.5%	37.1%	10.5%	0.2%	0.7%
	<b>Sub-total</b>	<b>2,219</b>	<b>2,219</b>	<b>7,778</b>	<b>7,113</b>	<b>128,410</b>	<b>145,572</b>	<b>30.2%</b>	<b>21.8%</b>	<b>47.5%</b>	<b>0.1%</b>	<b>0.4%</b>
Other infrastructure assets	Foreshore Assets	285	285	1,852	1,910	21,845	32,310	16.5%	18.2%	54.3%	11.0%	0.0%
	<b>Sub-total</b>	<b>285</b>	<b>285</b>	<b>1,852</b>	<b>1,910</b>	<b>21,845</b>	<b>32,310</b>	<b>16.5%</b>	<b>18.2%</b>	<b>54.3%</b>	<b>11.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>14,901</b>	<b>14,901</b>	<b>20,948</b>	<b>19,260</b>	<b>760,870</b>	<b>1,209,998</b>	<b>20.5%</b>	<b>31.3%</b>	<b>37.3%</b>	<b>6.8%</b>	<b>4.0%</b>

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

#### Infrastructure asset condition assessment 'key'

1 <b>Excellent/very good</b>	No work required (normal maintenance)	4 <b>Poor</b>	Renewal required
2 <b>Good</b>	Only minor maintenance work required	5 <b>Very poor</b>	Urgent renewal/upgrading required
3 <b>Satisfactory</b>	Maintenance work required		

## Council of the City of Ryde

### Report on infrastructure assets as at 30 June 2021

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

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>23,569</b>	<b>124.17%</b>	157.39%	218.78%	>= 100.00%
Depreciation, amortisation and impairment	<b>18,981</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>14,901</b>	<b>1.96%</b>	1.91%	1.58%	< 2.00%
Net carrying amount of infrastructure assets	<b>760,870</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>19,260</b>	<b>91.94%</b>	91.13%	102.16%	> 100.00%
Required asset maintenance	<b>20,948</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>14,901</b>	<b>1.23%</b>	1.21%	1.15%	
Gross replacement cost	<b>1,209,998</b>				

(\*) 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.