



Annual Financial Statements

for the year ended
30 June 2023

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity
at your doorstep



General Purpose Financial Statements

for the year ended
30 June 2023

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 City of Ryde



Lifestyle and opportunity
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Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2023

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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 .

Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 February 2024.



Councillor Sarkis Yedelian OAM

Mayor

27 February 2024



Councillor Daniel Han

Deputy Mayor

27 February 2024



Wayne Rylands

Chief Executive Officer

27 February 2024



Aneesh Zahra

Responsible Accounting Officer

27 February 2024

Council of the City of Ryde

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
104,091	Rates and annual charges	B2-1	103,730	103,463
18,604	User charges and fees	B2-2	17,123	13,622
8,014	Other revenues	B2-3	6,677	4,493
5,975	Grants and contributions provided for operating purposes	B2-4	8,544	8,073
8,136	Grants and contributions provided for capital purposes	B2-4	22,586	18,407
2,400	Interest and investment income	B2-5	7,606	3,424
7,902	Other income	B2-6	7,425	17,140
100	Net gain from the disposal of assets	B4-1	–	–
155,222	Total income from continuing operations		173,691	168,622
Expenses from continuing operations				
59,441	Employee benefits and on-costs	B3-1	55,646	53,441
52,486	Materials and services	B3-2	47,683	44,276
164	Borrowing costs	B3-3	113	163
25,589	Depreciation, amortisation and impairment of non-financial assets	B3-4	28,209	25,822
6,539	Other expenses	B3-5	8,901	7,382
–	Net loss from the disposal of assets	B4-1	2,021	3,487
144,219	Total expenses from continuing operations		142,573	134,571
11,003	Operating result from continuing operations		31,118	34,051
11,003	Net operating result for the year attributable to Council		31,118	34,051
11,687	Net operating result for the year before grants and contributions provided for capital purposes		8,532	15,644

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 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		31,118	34,051
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	337,035	131,322
Total items which will not be reclassified subsequently to the operating result		337,035	131,322
Total other comprehensive income for the year		337,035	131,322
Total comprehensive income for the year attributable to Council		368,153	165,373

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

Council of the City of Ryde

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	28,561	22,874
Investments	C1-2	105,492	84,243
Receivables	C1-4	11,957	13,401
Inventories	C1-5	775	759
Other	C1-8	1,818	1,570
Total current assets		148,603	122,847
Non-current assets			
Investments	C1-2	113,644	112,789
Receivables	C1-4	612	1,812
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,784,999	1,440,132
Investment property	C1-7	180,625	181,370
Right of use assets	C2-1	6,863	4,437
Total non-current assets		2,086,743	1,740,540
Total assets		2,235,346	1,863,387
LIABILITIES			
Current liabilities			
Payables	C3-1	26,475	29,985
Contract liabilities	C3-2	12,571	5,578
Lease liabilities	C2-1	2,275	2,254
Borrowings	C3-3	369	352
Employee benefit provisions	C3-4	14,800	16,491
Total current liabilities		56,490	54,660
Non-current liabilities			
Contract liabilities	C3-2	5,284	5,461
Lease liabilities	C2-1	4,550	1,981
Borrowings	C3-3	47	415
Employee benefit provisions	C3-4	817	865
Total non-current liabilities		10,698	8,722
Total liabilities		67,188	63,382
Net assets		2,168,158	1,800,005
EQUITY			
Accumulated surplus		1,332,786	1,301,668
IPPE revaluation reserve		835,372	498,337
Council equity interest		2,168,158	1,800,005
Total equity		2,168,158	1,800,005

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,301,668	498,337	1,800,005	1,267,617	367,015	1,634,632
Net operating result for the year		31,118	–	31,118	34,051	–	34,051
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	337,035	337,035	–	131,322	131,322
Other comprehensive income		–	337,035	337,035	–	131,322	131,322
Total comprehensive income		31,118	337,035	368,153	34,051	131,322	165,373
Closing balance at 30 June		1,332,786	835,372	2,168,158	1,301,668	498,337	1,800,005

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 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
104,395	Rates and annual charges		105,311	103,382
17,956	User charges and fees		19,254	13,723
2,388	Interest received		6,247	3,093
21,964	Grants and contributions		38,361	23,145
–	Bonds, deposits and retentions received		–	1,321
15,849	Other		13,310	8,733
<i>Payments:</i>				
(59,441)	Payments to employees		(57,385)	(53,510)
(58,054)	Payments for materials and services		(49,637)	(45,039)
(164)	Borrowing costs		(113)	(163)
–	Bonds, deposits and retentions refunded		(980)	–
(7,006)	Other		(8,509)	(2,124)
37,887	Net cash flows from operating activities	F1-1	65,859	52,561
Cash flows from investing activities				
<i>Receipts:</i>				
10,970	Sale of investments		101	–
–	Redemption of term deposits		–	47,950
–	Proceeds from sale of IPPE		1,987	1,591
<i>Payments:</i>				
–	Purchase of investments		(11,668)	(42,144)
–	Acquisition of term deposits		(11,000)	–
–	Purchase of investment property		745	(10,894)
(131,578)	Payments for IPPE		(37,733)	(51,685)
(120,608)	Net cash flows from investing activities		(57,568)	(55,182)
Cash flows from financing activities				
<i>Receipts:</i>				
62,500	Proceeds from borrowings		–	–
<i>Payments:</i>				
(352)	Repayment of borrowings		(351)	(333)
(2,301)	Principal component of lease payments		(2,253)	(2,117)
59,847	Net cash flows from financing activities		(2,604)	(2,450)
(22,874)	Net change in cash and cash equivalents		5,687	(5,071)
–	Cash and cash equivalents at beginning of year		22,874	27,945
(22,874)	Cash and cash equivalents at end of year	C1-1	28,561	22,874

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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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 September 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of investment property – refer Note C1-7
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

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.

A1-1 Basis of preparation (continued)

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 but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 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 2023.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Catchment Waterway	126	575	6,577	5,666	(6,451)	(5,091)	126	549	263,313	218,493
City Development	19,225	8,038	6,070	6,332	13,155	1,706	16,832	5,914	–	–
City Economy	260	24	1,332	870	(1,072)	(846)	261	2	–	–
City Sports and Recreation	11,268	8,267	21,655	17,120	(10,387)	(8,853)	2,922	3,136	963,241	721,424
Community Connectedness and Engagement	532	138	5,501	5,106	(4,969)	(4,968)	210	–	–	–
Community Inclusion and Wellbeing	1,515	1,185	5,117	4,625	(3,602)	(3,440)	752	650	23,155	17,144
Community Safety and Amenity	6,890	5,406	5,724	4,976	1,166	430	–	–	–	–
Governance & Corporate Services	3,567	15,802	24,057	20,612	(20,490)	(4,810)	109	623	338,524	292,109
Library	502	463	7,106	6,452	(6,604)	(5,989)	434	422	7,882	9,548
Paths and Cycleways	321	458	2,651	3,897	(2,330)	(3,439)	60	189	81,242	77,203
Resilience and Sustainability	357	244	3,508	3,270	(3,151)	(3,026)	291	131	–	–
Roads	2,247	5,956	12,316	13,235	(10,069)	(7,279)	1,756	1,866	287,204	271,011
Service Delivery Support	944	305	7,691	8,220	(6,747)	(7,915)	–	–	–	–
Strategic Property	2,947	2,836	6,946	6,635	(3,999)	(3,799)	–	16	207,936	210,904
Traffic and Transport	6,198	6,171	3,986	4,684	2,212	1,487	1,546	5,042	62,849	45,551
Waste and Recycling	26,019	26,084	22,336	22,871	3,683	3,213	176	303	–	–
Other	–	–	–	–	–	–	–	4,013	–	–
General purpose income	90,773	86,670	–	–	90,773	86,670	5,655	3,624	–	–
Total functions and activities	173,691	168,622	142,573	134,571	31,118	34,051	31,130	26,480	2,235,346	1,863,387

B1-2 Components of functions or activities

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

City Development

Creating a vibrant and liveable city environment that balances development, land use, amenity and sustainable growth.

Community Safety and Amenity

Ensuring high standards of public health, safety and amenity are maintained across the City of Ryde.

City Sports and Recreation

Providing community sporting and recreation facilities, parks and open spaces so residents of all ages can access leisure, lifestyle and recreation opportunities that enhance and maintain their connections with the community.

Library

Providing high quality, contemporary library services and accessible public spaces so residents have opportunities to participate and engage with others in lifelong learning, recreation and cultural opportunities.

City Economy

Supporting an economically diverse and resilient City economy that is globally competitive.

Resilience and Sustainability

Protecting and enhancing our natural areas and ecosystems, and improving the overall environmental performance of the City's built environment, managing risk and building resilience as we adapt and grow through changing climate.

Catchments and Waterways

Improving the health of the city's waterways and foreshore areas and managing the city's stormwater networks to reduce flooding and risk of inundation for private properties.

Waste and Recycling

Providing comprehensive and convenient waste disposal and resource recovery services for residents and businesses.

Traffic and Transport

Building a sustainable, safe, convenient and accessible transport system for the City by improving mobility, connectivity, and access for all types of transport.

Roads

Maintaining the City's extensive network of local and regional road assets to ensure that they remain safe and are in serviceable condition and meet community expectations Paths and cycleways.

Paths and Cycleways

Building the City's network of paths and cycleways to increase the walkability of our suburbs, improve conditions for cyclists, and connect residents with activity centres and public transport connections.

Community Inclusion and Wellbeing

Working to increase social and community wellbeing and empowering people to fully participate in community life.

Community Connectedness and Engagement

Supporting residents to become connected, engaged and informed and have opportunities to celebrate our culture, build their connections within the community, and contribute to decisions that affect the City.

Strategic Property Management

Developing and managing Council's portfolio of properties and buildings to maximise their return on investment for the community.

Service Delivery Support

Providing a broad range of key support Council functions that underpin delivery across all of the programs.

Governance and Corporate Services

Providing specialist and corporate services to enable the effective governance and operation of the Council organisation.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	36,060	34,946
Business	20,221	20,633
Less: pensioner rebates (mandatory)	(668)	(666)
Rates levied to ratepayers	55,613	54,913
Pensioner rate subsidies received	369	367
Total ordinary rates	55,982	55,280
Special rates		
Environmental	8,012	7,904
Infrastructure special rate levy	13,584	13,397
Macquarie park	1,781	1,807
Rates levied to ratepayers	23,377	23,108
Total special rates	23,377	23,108
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	23,508	24,204
Stormwater management services	1,145	1,144
Section 611 charges	243	243
Non-rateable waste management charges	79	110
Less: pensioner rebates (mandatory)	(398)	(421)
Less: pensioner rebates (Council policy)	(426)	(437)
Annual charges levied	24,151	24,843
Pensioner annual charges subsidies received:		
– Domestic waste management	220	232
Total annual charges	24,371	25,075
Total rates and annual charges	103,730	103,463

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 *	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Aquatic centre	2	6,234	3,739
Commercial waste service	2	1,315	1,273
Road restorations	2	253	1,041
Hall hire	2	1,432	762
Sports facility rental	2	364	165
Gutter crossings	2	125	70
Total specific user charges		9,723	7,050
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Regulatory/ statutory fees	2	3,390	2,856
Section 10.7 certificates (EP&A Act)	2	452	459
Section 603 certificates	2	248	250
Tree Preservation	2	49	83
Private works – section 67	2	1	9
Other	2	47	35
Total fees and charges – statutory/regulatory		4,187	3,692
(ii) Fees and charges – other (incl. general user charges (per s608))			
Road activity and hoarding	2	1,106	1,278
Parking fees	2	1,490	900
Environmental planning	2	204	485
Home maintenance and modification	2	120	74
Other	2	293	143
Total fees and charges – other		3,213	2,880
Total other user charges and fees		7,400	6,572
Total user charges and fees		17,123	13,622
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		17,123	13,622
Total user charges and fees		17,123	13,622

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 revenues

\$ '000	Timing [*]	2023	2022
Fines – parking	2	3,963	2,588
Fines – other	2	18	15
Materials recycling	2	662	517
Other rebates	2	405	465
Recoveries – other	2	136	113
Legal fees recovery – other	2	164	107
Sundry sales	2	276	251
Sale of abandoned vehicles	2	37	30
JV agreement Porters Creek	2	637	–
Other	2	379	407
Total other revenue		6,677	4,493
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		6,677	4,493
Total other revenue		6,677	4,493

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

B2-4 Grants and contributions

\$ '000	Timing *	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,190	1,944	-	-
Payment in advance - future year allocation					
Financial assistance	2	4,465	2,988	-	-
Amount recognised as income during current year		5,655	4,932	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Library	2	434	421	-	-
Economic development		236	-	-	-
Kerb and Gutter	2	-	-	-	2,737
Street & traffic lighting	2	378	446	-	-
Transport	2	545	592	1,208	2,893
Home maintenance and modification	2	615	436	-	-
Waste Management	2	176	292	-	-
Community staff funding	2	193	185	-	-
Sportsground Expansion	2	-	-	-	878
Emergency Services Levy Contribution	2	-	623	-	-
Passive parks expansion	2	-	-	256	239
Sportsground amenities renewal	2	-	-	2,625	1,660
Playground renewals/upgrades	2	-	-	-	300
Other specific grants	2	54	133	313	875
Transport (roads to recovery)	2	-	-	162	175
Community & Culture		210	-	-	-
Previously contributions:					
Other contributions	2	48	13	169	43
Total special purpose grants and non-developer contributions – cash		2,889	3,141	4,733	9,800
Total special purpose grants and non-developer contributions (tied)		2,889	3,141	4,733	9,800
Total grants and non-developer contributions		8,544	8,073	4,733	9,800
Comprising:					
– Commonwealth funding		5,655	5,553	-	-
– State funding		2,889	2,520	4,733	9,800
		8,544	8,073	4,733	9,800

(*) 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 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	16,538	200
S 7.4 – contributions using planning agreements		2	–	–	21	–
S 7.12 – fixed development consent levies		2	–	–	294	376
S 94 – community facilities		2	–	–	–	1,719
S 94 – open space		2	–	–	–	2,919
S 94 – traffic facilities		2	–	–	–	699
Other developer contributions			–	–	1,000	–
Total developer contributions – cash			–	–	17,853	5,913
Non-cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	–	2,694
Total developer contributions non-cash			–	–	–	2,694
Total developer contributions			–	–	17,853	8,607
Total contributions			–	–	17,853	8,607
Total grants and contributions			8,544	8,073	22,586	18,407
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			8,544	8,073	22,586	18,407
Total grants and contributions			8,544	8,073	22,586	18,407

(*) 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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	742	3,268	8,841	7,625
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	203	560	6,828	3,337
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(466)	(3,086)	(1,888)	(2,121)
Unspent funds at 30 June	479	742	13,781	8,841
Unspent contributions				
Unspent funds at 1 July	–	–	20,798	19,166
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	17,678	5,846
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(1,611)	(4,214)
Add: Reimbursement of Reserve funding	–	–	42,733	–
Unspent contributions at 30 June	–	–	79,598	20,798

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.

B2-4 Grants and contributions (continued)

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.

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	157	110
– Cash and investments	7,102	3,236
Amortisation of premiums and discounts		
– Debt securities at amortised cost	347	78
Total interest and investment income (losses)	7,606	3,424
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	5,761	3,352
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 ¹	1,845	72
Total interest and investment income	7,606	3,424

Accounting policy

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

- (1) Increase in Section 7.11 Interest is due to interest that would have been earned on developer contribution funds that were incorrectly transferred to Internally Restricted Reserves in 2020. The Legislation imposes strict obligations on how these funds are to be managed, and funds that are considered Externally Restricted should not be transferred to Council's Internally Restricted Reserves hence interest on these funds were returned as resolved by Council on 27 June 2023 to ensure best practice financial management in the interest of Council's residents.

B2-6 Other income

\$ '000	Notes	2023	2022
Fair value increment on investment properties			
Fair value increment on investment properties		–	13,241
Total fair value increment on investment properties	C1-7	–	13,241
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		627	588
Total Investment properties		627	588
Other lease income			
Commercial buildings		955	998
Affordable housing		684	639
Leaseback fees - council vehicles		705	715
Advertising on Structures		3,677	214
Other		777	745
Total other lease income		6,798	3,311
Total rental income	C2-2	7,425	3,899
Total other income		7,425	17,140

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	48,416	46,444
Employee leave entitlements (ELE)	5,329	4,686
Superannuation	4,832	5,384
Workers' compensation insurance	736	1,460
Fringe benefit tax (FBT)	371	176
Training costs (other than salaries and wages)	353	368
Other	350	510
Total employee costs	60,387	59,028
Less: capitalised costs	(4,741)	(5,587)
Total employee costs expensed	55,646	53,441

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.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		3,483	3,633
Contractor Costs			
– Waste disposal, collection and recycling		14,088	15,005
– Building cleaning and maintenance		1,837	1,426
– Parks maintenance		1,746	1,380
– Temporary and agency staff		1,525	1,257
– Roads and footpaths maintenance		910	809
– Electrical		668	594
– Events		1,052	446
– Construction recycling		379	443
– Security		373	386
– Repairs and maintenance		489	359
– Labour hire		512	305
– Parking meter		385	177
– Other contractor costs		4,151	4,161
Consultancy Costs			
– Consultants fees – town planning		183	183
– Consultants fees – project development design		92	42
– Consultants fees – risk management		68	19
– Consultants fees – other consultancy costs		701	771
Audit Fees	E2-1	101	99
Infringement notice contract costs (SEINS)		640	284
Computer software charges		3,032	2,683
Insurance		1,722	1,624
Street lighting		1,675	1,387
Electricity and heating		1,515	973

B3-2 Materials and services (continued)

\$ '000	Notes	2023	2022
Election expenses		427	594
Membership fees		470	581
Property lease costs		492	555
Library books		531	503
Councillor and Mayoral fees and associated expenses	E1-2	529	483
Property rates and levies		468	411
Advertising		502	385
Printing and stationery		540	371
Postage		339	366
Water rates		358	361
Communications costs		594	206
Valuation fees		200	198
Office expenses (including computer expenses)		242	131
Bank fees and charges		148	111
Hire and rentals expense		82	57
Other expenses		929	992
Legal expenses:			
– Legal expenses: planning and development		464	932
– Legal expenses: other		663	423
Total materials and services		49,305	46,106
Less: capitalised costs		(1,622)	(1,830)
Total materials and services		47,683	44,276

Accounting policy

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

B3-3 Borrowing costs

Interest on leases	86	131
Interest on loans	27	32
Total borrowing costs expensed	113	163

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		2,103	2,045
Office equipment		2,078	1,742
Infrastructure:	C1-6		
– Buildings – non-specialised		4,095	3,511
– Buildings – specialised		1,599	1,407
– Roads, bridges and other road assets		7,359	7,005
– Stormwater drainage		3,176	2,927
– Bridges		277	241
– Footpaths		1,847	1,645
– Other open space/recreational assets		2,757	2,423
– Other structures		501	459
Right of use assets	C2-1	2,417	2,417
Total gross depreciation and amortisation costs		28,209	25,822
Total depreciation and amortisation costs		28,209	25,822
Total depreciation, amortisation and impairment for non-financial assets		28,209	25,822

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.

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		61	83
Total impairment of receivables	C1-4	61	83
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		911	–
Total Fair value decrement on investments	C1-7	911	–
Other			
Contributions/levies to other levels of government			
– Contribution to Dept of Planning		296	291
– Emergency services levy (includes FRNSW, SES, and RFS levies)		2,526	2,069
– Waste levy		4,424	3,397
– Other contributions/levies		8	13
Contributions & donations - community grants		675	1,529
Total other		7,929	7,299
Total other expenses		8,901	7,382

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(1,708)	(63)
Gain (or loss) on disposal		(1,708)	(63)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-6	1,987	1,591
Less: carrying amount of plant and equipment assets sold/written off		(898)	(764)
Gain (or loss) on disposal		1,089	827
Gain (or loss) on disposal of Roads, bridges and footpaths			
Less: carrying amount of Roads, bridges and footpaths assets sold/written off	C1-6	(1,023)	(2,656)
Gain (or loss) on disposal		(1,023)	(2,656)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – financial assets ¹	C1-2	101	–
Gain (or loss) on disposal		101	–
Gain (or loss) on disposal of Traffic Facilities & Structures			
Less: carrying amount of Road ancillary assets sold/written off		(15)	(691)
Gain (or loss) on disposal		(15)	(691)
Gain (or loss) on disposal of Recreation & Land Improvements			
Less: carrying amount of Park assets sold/written off		(302)	(241)
Gain (or loss) on disposal		(302)	(241)
Gain (or loss) on disposal of Drainage assets			
Less: carrying amount of drainage assets sold/written off		(24)	(115)
Gain (or loss) on disposal		(24)	(115)
Gain (or loss) on disposal of Kerb and gutter			
Less: carrying amount of kerb and gutter assets sold/written off		(139)	(548)
Gain (or loss) on disposal		(139)	(548)
Net gain (or loss) from disposal of assets		(2,021)	(3,487)

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.

(1) This does not include investments that are rolled over, in full, with the same authorised deposit-taking institution.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Other revenues	8,014	6,677	(1,337)	(17)% U
Mainly due to less than anticipated parking fine income within the Macquarie Park precinct as people continue to work from home following the Covid-19 pandemic.				
Operating grants and contributions	5,975	8,544	2,569	43% F
Mainly due to the Financial Assistance Grant (FAG) received in advance for FY23/24.				
Capital grants and contributions	8,136	22,586	14,450	178% F
Mainly due to greater than anticipated Section 7.11 contributions received as a result of increased development.				
Expenses				
Materials and services	52,486	47,683	4,803	9% F
Mainly due to savings in contractor expenditure in the Domestic Waste program, Property and Buildings and Streetlighting.				
Depreciation, amortisation and impairment of non-financial assets	25,589	28,209	(2,620)	(10)% U
Mainly due to greater than anticipated depreciation of Councils buildings and adjustment for the North Ryde Office lease.				
Other expenses	6,539	8,901	(2,362)	(36)% U
Mainly due to the fair value decrement in Councils Investment Properties.				
Statement of cash flows				
Cash flows from investing activities	(120,608)	(57,568)	63,040	(52)% F
A number of Council projects were deferred or delayed during the year which resulted in the variance from budget for the statement of cash flows. The current global environment sees extended lead times and availability of contractors.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank ¹	3,747	(1,312)
Cash equivalent assets		
– Deposits at call ²	24,814	24,186
Total cash and cash equivalents	28,561	22,874

(1) Bank account is not in overdraft. The balance includes the creditors payment run for the current financial year which was processed on 30 June 2022.

(2) 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	28,561	22,874
Balance as per the Statement of Cash Flows	28,561	22,874

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits ²	87,000	–	53,000	23,000
NCD's, FRN's (with maturities > 3 months)	3,000	53,093	16,000	24,484
Fixed bonds	15,492	60,551	15,243	65,305
Total	105,492	113,644	84,243	112,789
Total financial investments	105,492	113,644	84,243	112,789
Total cash assets, cash equivalents and investments	134,053	113,644	107,117	112,789

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

Accounting policy

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

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

Financial assets

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

C1-2 Financial investments (continued)

Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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.

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.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	247,697	219,906
Less: Externally restricted cash, cash equivalents and investments	<u>(130,599)</u>	<u>(62,550)</u>
Cash, cash equivalents and investments not subject to external restrictions	117,098	157,356
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>14,260</u>	9,583
External restrictions – included in liabilities	14,260	9,583
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<u>79,599</u>	20,798
Stormwater management	<u>1,009</u>	1,143
Macquarie park special rate	<u>3,706</u>	2,293
Infrastructure special rate reserve	<u>9,818</u>	9,037
Domestic waste management	<u>22,207</u>	19,696
External restrictions – other	116,339	52,967
Total external restrictions	130,599	62,550

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	117,098	157,356
Less: Internally restricted cash, cash equivalents and investments	<u>(108,600)</u>	<u>(149,493)</u>
Unrestricted and unallocated cash, cash equivalents and investments	8,498	7,863
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<u>7,440</u>	6,670
Employees leave entitlement	<u>4,556</u>	5,541
Incomplete/carry over works and projects	<u>601</u>	881
Refundable deposits	<u>17,652</u>	19,000
Asset replacement reserve	<u>10,588</u>	3,155
Investment property reserve	<u>21,632</u>	24,023
Ryde Central reserve	<u>9,375</u>	50,093
Accommodation reserve	<u>16,488</u>	20,850
Workers compensation	<u>3,000</u>	3,000
Council election reserve	<u>845</u>	631
Asset expansion reserve	<u>4,779</u>	6,950
Affordable housing reserve	<u>1,521</u>	1,061
Information Technology Reserve	<u>2,195</u>	2,270

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

\$ '000	2023	2022
Other	7,928	5,368
Total internal allocations	108,600	149,493

\$ '000	2023	2022
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	8,498	7,863
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- (1) Internal allocations include those assets, the use of which are only restricted by a resolution or policy of Council. These assets are disclosed with details of the nature of the internal allocation.
- (2) As per the CEO's Public Statement 23 May 2023, the increase in Externally Restricted Reserves relating to Developer Contributions and the corresponding decrease in Internally Restricted Reserves should be noted. This is mainly due to a correction of transfers that were completed in 2020 where funds obtained from Developers that were required to be held by Council and spent for the purpose for which they were collected were in fact transferred to Council's Internally Restricted Reserves for other purposes. The Legislation imposes strict obligations on how these funds are to be managed, and funds that are considered Externally Restricted should not be transferred to Council's Internally Restricted Reserves hence these funds were returned as resolved by Council on 27 June 2023 to ensure best practice financial management in the interest of Council's residents.

C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges ¹	2,658	590	3,299	1,790
Interest and extra charges	373	–	286	–
User charges & fees ²				
User charges and fees – recreational facilities	1,371	–	872	–
User charges and fees – environmental and health	946	–	801	–
User charges and fees – property and infrastructure works	437	–	533	–
User charges and fees – restorations	661	–	267	–
User charges and fees – Ryde Aquatic leisure centre	132	–	124	–
User charges and fees – home modification service	29	–	27	–
Government grants and subsidies	1,065	–	3,619	–
Net GST receivable	1,628	–	2,151	–
Accrued revenues				
– Interest on investments	2,084	–	1,159	–
Commercial waste	450	–	435	–
Fines	408	–	297	–
Other debtors	217	–	41	–
Community Recycle Centre	–	22	–	22
Total	12,459	612	13,911	1,812
Less: provision for impairment				
User charges and fees	(502)	–	(510)	–
Total provision for impairment – receivables	(502)	–	(510)	–
Total net receivables	11,957	612	13,401	1,812

(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	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year	510	556
+ new provisions recognised during the year	73	70
– amounts already provided for and written off this year	(6)	–
– amounts provided for but recovered during the year	(26)	(116)
– previous impairment losses reversed	(49)	–
Balance at the end of the year	502	510

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 that 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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	775	-	759	-
Total inventories at cost	775	-	759	-
Total inventories	775	-	759	-

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	2023	2022
Stores and materials ¹	447	447
	447	447

(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 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Asset revaluation – gross book value	Asset revaluation – accumulated depreciation and impairment	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	34,492	–	34,492	5,449	18,394	–	–	(3,808)	–	–	54,527	–	54,527
Plant and equipment	29,455	(18,570)	10,885	–	3,221	(898)	(2,103)	–	–	–	30,037	(18,932)	11,105
Office equipment	17,863	(12,266)	5,597	–	–	–	(2,078)	–	–	–	17,863	(14,344)	3,519
Leased plant and equipment	163	(163)	–	–	–	–	–	–	–	–	163	(163)	–
Land:													
– Operational land	420,396	–	420,396	–	–	–	–	–	174,464	–	594,860	–	594,860
– Community land	104,671	–	104,671	–	–	–	–	–	45,642	–	150,313	–	150,313
– Crown land	46,203	–	46,203	–	–	–	–	–	20,362	–	66,565	–	66,565
– Land under roads (post 30/6/08)	1,234	–	1,234	–	–	–	–	–	–	–	1,234	–	1,234
Infrastructure:													
Roadside structures	23,301	(5,221)	18,080	–	5	(2)	(781)	–	1,212	(315)	24,516	(6,317)	18,199
- Foreshore Assets	17,291	(5,089)	12,202	–	–	–	(198)	–	899	(276)	18,190	(5,563)	12,627
- Carparks	17,801	(6,098)	11,703	40	–	(3)	(303)	–	2,083	(750)	19,919	(7,149)	12,770
– Traffic facilities and devices	25,028	(5,332)	19,696	466	27	(14)	(570)	21	3,965	(1,121)	29,489	(7,019)	22,470
– Kerb and guttering	120,229	(52,781)	67,448	612	–	(139)	(1,202)	274	17,237	(7,697)	138,097	(61,564)	76,533
– Buildings – non-specialised	158,034	(65,894)	92,140	433	709	(1,708)	(4,095)	1,314	15,729	(2,037)	173,157	(70,672)	102,485
– Buildings – specialised	68,494	(23,418)	45,076	–	–	–	(1,599)	–	1,554	(330)	70,048	(25,347)	44,701
– Other structures	–	–	–	–	–	–	–	–	–	–	–	–	–
– Roads	279,367	(105,088)	174,279	4,320	–	(943)	(4,806)	330	11,693	(4,523)	293,454	(113,104)	180,350
– Bridges	20,282	(5,677)	14,605	1,350	–	–	(277)	–	(296)	81	21,336	(5,873)	15,463
– Footpaths and cycleways	142,059	(64,870)	77,189	620	382	(76)	(1,847)	208	8,922	(4,164)	151,889	(70,655)	81,234
– Stormwater drainage	317,424	(111,148)	206,276	617	–	(23)	(3,176)	428	75,452	(28,902)	393,856	(143,184)	250,672
– Recreation and land improvements	97,561	(19,711)	77,850	1,004	83	(302)	(2,757)	1,233	9,715	(1,564)	109,126	(23,864)	85,262
Other assets:													
– Heritage collections	110	–	110	–	–	–	–	–	–	–	110	–	110
Total infrastructure, property, plant and equipment	1,941,458	(501,326)	1,440,132	14,911	22,821	(4,108)	(25,792)	–	388,633	(51,598)	2,358,749	(573,750)	1,784,999

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Asset revaluation – accumulated depreciation and impairment	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	38,664	–	38,664	13,980	3,372	–	–	(17,743)	(3,781)	–	34,492	–	34,492
Plant and equipment	30,185	(18,257)	11,928	–	1,766	(764)	(2,045)	–	–	–	29,455	(18,570)	10,885
Office equipment	16,030	(10,524)	5,506	374	440	–	(1,742)	1,019	–	–	17,863	(12,266)	5,597
Leased plant and equipment	163	(163)	–	–	–	–	–	–	–	–	163	(163)	–
Land:													
– Operational land	337,353	–	337,353	–	857	–	–	–	–	82,186	420,396	–	420,396
– Community land	99,016	–	99,016	–	5,655	–	–	–	–	–	104,671	–	104,671
– 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
Infrastructure:													
– Buildings – non-specialised	162,618	(90,556)	72,062	1,409	3,429	(63)	(3,511)	1,209	5	17,600	158,034	(65,894)	92,140
– Buildings – specialised	60,204	(19,370)	40,834	565	–	–	(1,407)	–	–	5,084	68,494	(23,418)	45,076
– Roads	273,532	(101,328)	172,204	3,634	422	(2,014)	(4,651)	2,171	–	2,513	279,367	(105,088)	174,279
– Traffic facilities and devices	23,578	(5,045)	18,533	723	816	(682)	(542)	848	–	–	25,028	(5,332)	19,696
– Bridges	17,578	(4,999)	12,579	–	198	–	(241)	943	–	1,126	20,282	(5,677)	14,605
– Footpaths and cycleways	127,322	(63,165)	64,157	3,965	4,711	(615)	(1,645)	5,829	–	787	142,059	(64,870)	77,189
– Kerb and guttering	116,085	(51,254)	64,831	1,634	539	(548)	(1,161)	1,073	–	1,080	120,229	(52,781)	67,448
- Carparks	17,299	(5,945)	11,354	104	110	(27)	(292)	91	–	363	17,801	(6,098)	11,703
- Foreshore Assets	15,010	(4,520)	10,490	–	736	–	(167)	254	–	889	17,291	(5,089)	12,202
Roadside structures	19,078	(4,633)	14,445	2,013	432	(9)	(651)	1,792	58	–	23,301	(5,221)	18,080
– Stormwater drainage	292,326	(100,522)	191,804	1,694	783	(115)	(2,927)	1,124	–	13,913	317,424	(111,148)	206,276
– Recreation and land improvements	85,368	(15,761)	69,607	2,182	1,617	(241)	(2,423)	1,390	(63)	5,781	97,561	(19,711)	77,850
Other assets:													
– Heritage collections	111	(1)	110	–	–	–	–	–	–	–	110	–	110
Total infrastructure, property, plant and equipment	1,778,957	(496,043)	1,282,914	32,277	25,883	(5,078)	(23,405)	–	(3,781)	131,322	1,941,458	(501,326)	1,440,132

(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 (internal valuation).
- Buildings – Specialised/Non Specialised (internal 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 externally valued as at 30 June 2020 and due to current economic conditions, this has been reviewed and indexation applied and subsequently revalued as at 30 June 2022. 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 does not have any Rural Fire Services assets.

C1-7 Investment properties

\$ '000	2023	2022
Owned investment property		
Investment property on hand at fair value	180,625	181,370
Total owned investment property	180,625	181,370

Owned investment property

At fair value

Opening balance at 1 July	181,370	157,235
Net gain/(loss) from fair value adjustments	(911)	13,241
Capitalised subsequent expenditure	166	10,894
Closing balance at 30 June	180,625	181,370

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	999	-	751	-
Prepayments – waste alliance	819	-	819	-
Total other assets	1,818	-	1,570	-

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. During the current financial year, Council re-measured the lease liability term which has extended the lease liability.

(a) Right of use assets

\$ '000	Land & Buildings	Total
2023		
Opening balance at 1 July	4,437	4,437
Adjustments to right-of-use assets due to re-measurement of lease liability	4,843	4,843
Depreciation charge	(2,417)	(2,417)
Balance at 30 June	6,863	6,863
Right of Use asset is for the administrative building		
2022		
Opening balance at 1 July	6,854	6,854
Depreciation charge	(2,417)	(2,417)
Balance at 30 June	4,437	4,437

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
2023					
Cash flows	2,275	4,550	–	6,825	6,825
2022					
Cash flows	2,254	1,981	–	4,235	4,235

C2-1 Council as a lessee (continued)

(c) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	86	131
Depreciation of right of use assets	2,417	2,417
	2,503	2,548

(d) Statement of Cash Flows

Total cash outflow for leases	(2,334)	(2,252)
	(2,334)	(2,252)

(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	2023	2022
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(i) Assets held as investment property

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)	624	587
Lease income relating to variable lease payments not dependent on an index or a rate	3	1
Total income relating to operating leases for investment property assets	627	588

Operating lease expenses

Direct operating expenses that generated rental income	(209)	(166)
Total expenses relating to operating leases	(209)	(166)

(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)	2,416	2,596
Lease income relating to variable lease payments not dependent on an index or a rate	4,382	715
Total income relating to operating leases for Council assets	6,798	3,311

Reconciliation of IPPE assets leased out as operating leases

\$ '000	2023	2022
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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	461	610
1–2 years	145	481
2–3 years	69	111
3–4 years	70	–
4–5 years	72	–
> 5 years	885	–
Total undiscounted lease payments to be received	1,702	1,202

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.

C2-2 Council as a lessor (continued)

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	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	2,841	–	4,779	–
Accrued expenses:				
– Other expenditure accruals	3,654	–	4,004	–
Security bonds, deposits and retentions	17,742	–	18,722	–
Refundable fees	1,124	–	1,139	–
Government departments and agencies	14	–	20	–
Prepaid rates	997	–	1,257	–
Other	103	–	64	–
Total payables	26,475	–	29,985	–

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

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
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			14,121	14,987
Total payables			14,121	14,987

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023		2022	
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,497	5,284	3,380	5,461
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	479	–	742	–
Total grants received in advance		8,976	5,284	4,122	5,461
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	18	–	18	–
Upfront fees - Bookings		498	–	397	–
Restoration works		3,005	–	1,000	–
Other		74	–	41	–
Total user fees and charges received in advance		3,595	–	1,456	–
Total contract liabilities		12,571	5,284	5,578	5,461

Notes

continued on next page ...

C3-2 Contract Liabilities (continued)

(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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	369	47	352	415
Total borrowings	369	47	352	415

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

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	767	(351)	–	–	–	–	416
Lease liability (Note C2-1b)	4,235	2,590	–	–	–	–	6,825
Total liabilities from financing activities	5,002	2,239	–	–	–	–	7,241

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,100	(333)	–	–	–	–	767
Lease liability (Note C2-1b)	6,352	(2,117)	–	–	–	–	4,235
Total liabilities from financing activities	7,452	(2,450)	–	–	–	–	5,002

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	91	110
Total financing arrangements ¹	91	110

Undrawn facilities

C3-3 Borrowings (continued)

\$ '000	2023	2022
– Credit cards/purchase cards	77	110
Total undrawn financing arrangements	77	110

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual and other accrued leave	4,427	–	4,768	–
Sick leave	108	–	131	–
Long service leave	8,827	817	9,343	865
Other employee provisions	1,438	–	2,249	–
Total employee benefit provisions¹	14,800	817	16,491	865

(1) The discount rate for calculating ELE, as set by the RBA, has increased for the current year. This movement results in a lower ELE liability and a lower ELE expense in B3-1 (all other things remaining equal).

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,809	10,727
	8,809	10,727

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.

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	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,440	2,212
Impact of a 10% movement in price of investments		
– Equity / Income Statement ¹	–	–

(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.

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 rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	3,068	180	3,248
2022				
Gross carrying amount	–	4,957	132	5,089

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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	9,823	–	–	–	–	9,823
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	10,634	–	–	–	–	10,634
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	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	17,742	–	–	–	17,742	26,475
Borrowings	0.00%	–	–	–	–	–	416
Total financial liabilities		17,742	–	–	–	17,742	26,891
2022							
Payables	0.00%	18,722	–	–	–	18,722	29,985
Borrowings	0.00%	–	–	–	–	–	767
Total financial liabilities		18,722	–	–	–	18,722	30,752

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Investment property C1-7							
Investment properties		180,625	181,370	–	–	180,625	181,370
Total investment property		180,625	181,370	–	–	180,625	181,370
Infrastructure, property, plant and equipment C1-6							
- Operational land		594,860	420,396	–	–	594,860	420,396
- Community and Crown land		–	–	216,878	150,874	216,878	150,874
- Land under roads		–	–	1,234	1,234	1,234	1,234
- Buildings (Specialised and non-specialised)		–	–	147,186	137,216	147,186	137,216
- Roads, Bridges, Footpaths		–	–	376,050	353,217	376,050	353,217
- Stormwater drainage		–	–	250,672	206,276	250,672	206,276
- Plant & Equipment		–	–	11,105	10,885	11,105	10,885
- Office Equipment		–	–	3,519	5,597	3,519	5,597
- Roadside Structures		–	–	18,199	18,080	18,199	18,080
- Foreshore Assets		–	–	12,627	12,202	12,627	12,202
- Carparks		–	–	12,770	11,703	12,770	11,703
- Recreational Land Improvements		–	–	85,262	77,850	85,262	77,850
- Heritage Collections		–	–	110	110	110	110
Total infrastructure, property, plant and equipment		594,860	420,396	1,135,612	985,244	1,730,472	1,405,640

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

D2-1 Fair value measurement (continued)

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 2023, the fair values of the properties have been determined by Southern Alliance Valuation Services 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)

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. Due to the current economic environment, Council has applied an indexation and revalued operational land as at 30 June 2023.

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 2023 financial year and the fair values were determined by Scott Fullarton Valuations Pty Ltd.

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 2022. 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 2023.

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.

D2-1 Fair value measurement (continued)

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	
	2023	2022
Opening balance	985,244	906,897
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	162,571	49,136
Other movements		
Purchases (GBV)	17,697	57,692
Disposals (WDV)	(4,108)	(5,078)
Other movements	(25,792)	(23,403)
Closing balance	1,135,612	985,244

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

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

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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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 2023 was \$ 520,180.14. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$25,000. Council's expected contribution to the plan for the next annual reporting period is \$25,000.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 1.07%

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

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

Investment return	6% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for 22/23 and 2.5% p.a. thereafter

* Plus promotional increases

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

D3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) 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 receiving 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.

(iii) Voluntary Planning Agreements (VPA)

Voluntary Planning Agreements (VPA) are legal documents created under the Environmental Planning and Assessment Act 1970 between developers and Council for the provision of funds or works by the developer for infrastructure, services or other public amenities. They must achieve an outcome other than the facilitation of a development and deliver a public benefit.

Completed VPA's are currently being investigated to confirm what assets have been dedicated to Council, analysis of life cycle costing of these dedicated assets and what funding must be provided in Council's Long Term Financial Plan.

(iv) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as reserved for the purpose specified in section 3.14 of the Environmental Planning and Assessment Act (1979).

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the potential liabilities (and subsequent land asset) from such potential acquisitions has not been possible.

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.

D3-1 Contingencies (continued)

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

E1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	2,484	2,301
Post-employment benefits	138	120
Other long-term benefits	23	61
Termination benefits	1,271	–
Total	3,916	2,482

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.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2023					
GFTH Pty Ltd	–	–	30 days	–	–
CCA New South Wales ¹	15	–		–	–
2022					
GFTH Pty Ltd	1	–	30 days	–	–
CCA New South Wales ¹	–	–		–	–

(1) City of Ryde provided community grant funding to CCA New South Wales as part of the Wellbeing 2022 grant program. A Councillor was a Board member at the time of the application lodgement, but not a Board member at the time of adoption/approval.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	97	90
Councillors' fees	393	372
Other Councillors' expenses (including Mayor)	39	21
Total	529	483

E1-3 Other related parties

Nil

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
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	99	96
Remuneration for audit and other assurance services	99	96
Total Auditor-General remuneration	99	96
(i) Audit and other assurance services		
Audit and review of financial statements	2	3
Remuneration for audit and other assurance services	2	3
Total audit fees	101	99

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	31,118	34,051
Add / (less) non-cash items:		
Depreciation and amortisation	28,209	25,822
(Gain) / loss on disposal of assets	2,021	3,487
Non-cash capital grants and contributions	–	(2,694)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	911	–
– Investment property	–	(13,241)
Amortisation of premiums, discounts and prior period fair valuations		
– ‘Held to maturity’ financial assets	(347)	(78)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	2,652	(1,671)
Increase/(decrease) in provision for doubtful debts	(8)	(46)
(Increase) / decrease of inventories	(16)	(50)
Decrease/(increase) in other assets	(248)	5,316
Increase / (decrease) in payables	(1,938)	(713)
Increase / (decrease) in other accrued expenses payable	(350)	(1,307)
Increase / (decrease) in other liabilities	(1,222)	2,922
Increase / (decrease) in contract liabilities	6,816	832
Increase/(decrease) in employee leave entitlements	(1,739)	(69)
Net cash flows from operating activities	65,859	52,561

(b) Non-cash investing and financing activities

Developer contributions ‘in kind’	–	2,694
Total non-cash investing and financing activities	–	2,694

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Land	–	218
Buildings	1,021	2,521
Other Structures	140	2,009
Plant and equipment	676	217
Infrastructure	1,676	150
Total commitments	3,513	5,115

Details of capital commitments

Major commitments include the relocation of Sydney Water main at Devlin St Ryde, Gannon Park amenities, Plant purchases, Bowden St drainage upgrade works, Flood harmonisation studies and public art for new Catherine Hamlin Park.

F3 Statement of developer contributions as at 30 June 2023

F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Reimbursement Reserve Funding	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Community & Culture	3,708	5,594	–	–	520	(370)	9,202	18,654	–
Open Space and Public Domain	2,801	9,244	–	–	1,162	(1,615)	28,063	39,655	–
Roads, Traffic, Carparks and Cycleways	929	1,372	–	–	54	–	–	2,355	–
Administration	404	328	–	–	16	(206)	–	542	–
S7.11 contributions – under a plan	7,842	16,538	–	–	1,752	(2,191)	37,265	61,206	–
S7.12 levies – under a plan	2,195	294	–	–	93	–	461	3,043	–
Total S7.11 and S7.12 revenue under plans	10,037	16,832	–	–	1,845	(2,191)	37,726	64,249	–
S7.4 planning agreements	10,761	1,021	–	–	–	(175)	3,743	15,350	–
Total contributions	20,798	17,853	–	–	1,845	(2,366)	41,469	79,599	–

(1) As per the CEO's Public Statement 23 May 2023, the increase in Developer Contributions should be noted. This is mainly due to a correction of transfers that were completed in 2020 where funds obtained from Developers that were required to be held by Council and spent for the purpose for which they were collected were in fact transferred to Council's Internally Restricted Reserves for other purposes. The Legislation imposes strict obligations on how these funds are to be managed, and funds that are considered Externally Restricted should not be transferred to Council's Internally Restricted Reserves hence these funds were returned as resolved by Council on 27 June 2023 to ensure best practice financial management in the interest of Council's residents.

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 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Reimbursement Reserve Funding	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN 2										
Community & Culture	3,708	5,594	–	–	520	(370)	9,202	18,654	–	
Open Space and Public Domain	2,801	9,244	–	–	1,162	(1,615)	28,063	39,655	–	
Roads, Traffic, Carparks and Cycleways	929	1,372	–	–	54	–	–	2,355	–	
Administration	404	328	–	–	16	(206)	–	542	–	
Total	7,842	16,538	–	–	1,752	(2,191)	37,265	61,206	–	

(1) As per the CEO's Public Statement 23 May 2023, the increase in Developer Contributions should be noted. This is mainly due to a correction of transfers that were completed in 2020 where funds obtained from Developers that were required to be held by Council and spent for the purpose for which they were collected were in fact transferred to Council's Internally Restricted Reserves for other purposes. The Legislation imposes strict obligations on how these funds are to be managed, and funds that are considered Externally Restricted should not be transferred to Council's Internally Restricted Reserves hence these funds were returned as resolved by Council on 27 June 2023 to ensure best practice financial management in the interest of Council's residents.

S7.12 Levies – under a plan

CONTRIBUTION PLAN 2

Other	2,195	294	–	–	93	–	461	3,043	–
Total	2,195	294	–	–	93	–	461	3,043	–

F3-3 S7.4 planning agreements

VPA

Other	10,761	1,021	–	–	–	(175)	3,743	15,350	–
Total	10,761	1,021	–	–	–	(175)	3,743	15,350	–

F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	11,525	7.63%	4.36%	4.62%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	151,105				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	142,561	82.08%	82.96%	80.76%	> 60.00%
Total continuing operating revenue ¹	173,691				
3. Unrestricted current ratio					
Current assets less all external restrictions	131,201	6.80x	5.86x	6.38x	> 1.50x
Current liabilities less specific purpose liabilities	19,300				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	39,847	14.67x	12.23x	12.75x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,717				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,621	3.31%	4.96%	4.60%	< 5.00%
Rates and annual charges collectable	109,262				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	115,561	11.63 months	11.49 months	16.26 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	9,936				

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

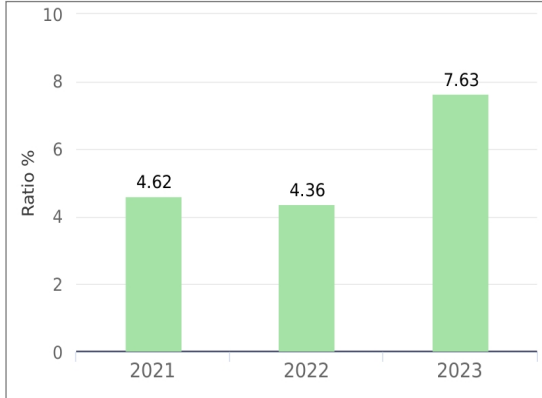
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 7.63%

This ratio continues to exceed benchmark and demonstrates Council's ability to contain operating expenditure within operating revenue.

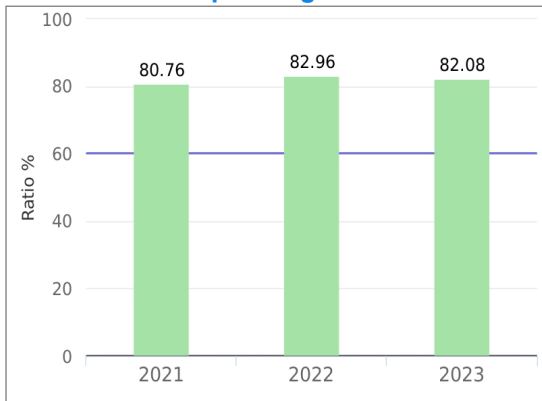
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 82.08%

This ratio is well above benchmark and Council continues to reduce its reliance on external funding sources like grants and contributions. City of Ryde achieves this ratio unlike some of the other growth Councils who have a substantial amount of developer contributions and sub-divider dedications.

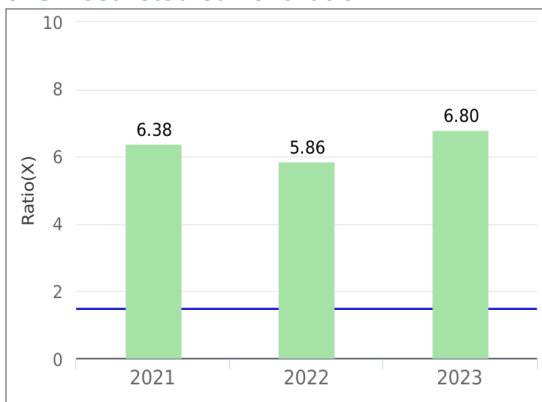
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 6.80x

This remains high and represents council's ability to meet its short-term obligations as they fall due.

Benchmark: — > 1.50x

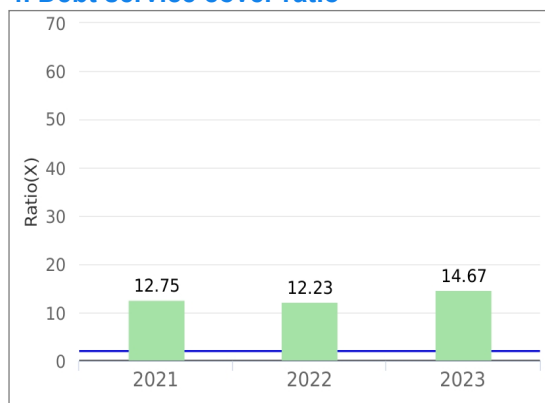
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 14.67x

Council continues to meet this ratio which demonstrates the ability to pay for its existing debt.

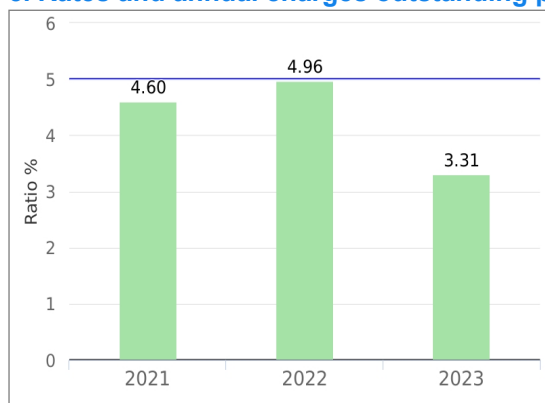
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 3.31%

This year the result has improved from previous year due to debt recovery action being taken as per Rates Debt Recovery Policy.

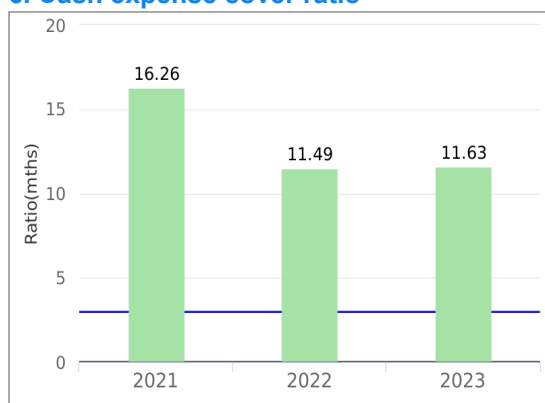
Benchmark: — < 5.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 11.63 months

Council's cash expense ratio has been well above benchmark indicating Council's ability to pay immediate expenses without additional cash flow.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Council of the City of Ryde

To the Councillors of the Council of the City of Ryde

Opinion

I have audited the accompanying financial statements of the Council of the City of Ryde (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

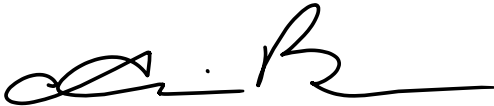
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink, appearing to read 'A. Brown', with a long horizontal line extending to the right.

Alison Brown
Delegate of the Auditor-General for New South Wales

28 February 2024
SYDNEY



Clr Sarkis Yedelian OAM
Mayor
Council of the City of Ryde
1 Pope Street
RYDE NSW 2112

Contact: Alison Brown
Phone no: 02 9275 7100
Our ref: R008-16585809-48849/1783

28 February 2024

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Council of the City of Ryde

I have audited the general purpose financial statements (GPFS) of the Council of the City of Ryde (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act). I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Use and management of restricted cash and investments

On 26 May 2023, the Council wrote to the Auditor-General for NSW, highlighting several matters concerning the management of funds held in restricted cash and investments. The letter highlights several potential breaches of legislation in relation to the movement and expenditure of funds collected under developer contribution plans, voluntary planning agreements and for domestic waste management and sets out the main steps Council is taking to address the matters noted.

In 2020–21, Council moved \$88 million from its externally restricted cash and investments

The Council adopted a new developer contributions plan (referred to as the 2020 Plan), effective 1 July 2020, and repealed its old plan (referred to as the 2014 Plan). Following the repeal of the 2014 Plan, Council moved \$88 million of funds collected under the 2014 Plan from its externally restricted cash and investments from developer contributions. Council moved:

- \$35.5 million to the Ryde Central Reserve, as an internal allocation, which was not spent
- \$52.5 million to the Asset Expansion Reserve, as an internal allocation. Council identified that the funds were largely spent on projects identified in the 2014 or 2020 Plans. However, \$11.6 million of these funds was spent on projects not identified in either of these plans, but provided amenities or services to the community in accordance with Council's Delivery Program.

In 2021–22, Council also transferred \$1.1 million from its externally restricted cash and investments to the employee leave entitlement reserve, as an internal allocation, which was not spent.

In 2020–21, Council provided the Audit Office with a piece of legal advice as evidence to support its disclosures within its 2020–21 and 2021–22 financial statements. This advice, from 2016, dealt with certain matters around expenditure of what were then section 94 contributions under the *Environmental Planning and Assessment Act 1979* (EPA Act). While this advice was on another matter, it specifically discusses the principles and case law that might apply to the future use of funds once a contributions plan has been repealed.

Council has received subsequent legal advice on the movement and expenditure of externally restricted cash and investments

Council obtained legal advice on the movements and use of the funds from a legal firm in 2022–23. Council's most recent legal advice, upon which it is relying to inform the movements and disclosures within its 2023 financial statements, identified that the transfer of the developer contributions collected under the 2014 Plan and certain expenditures from prior years, noted above, are potential breaches of the EPA Act.

The advice also identified breaches of legislation relating to expenditure in 2020–21:

- \$3.7 million from voluntary planning agreement contributions to fund Council's operations in response to COVID-19 income reductions and software related purchases. This expenditure breached section 7.3 of the EPA Act and section 409(3) of the Act.
- \$1.0 million of domestic waste management funds to fund COVID-19 hardship rates. This expenditure breached sections 504 and 409(3) of the Act.

The Audit Office obtained advice from the Crown Solicitor

We concur that the expenditure in prior years of the voluntary planning agreement contributions and domestic waste management funds for COVID-19 related purposes was inconsistent with relevant legislation. However, due to the lack of case law precedent and explicit guidance in the EPA Act or Regulation, the movement and use of repealed developer contribution funds is a more complex legal matter.

The Audit Office sought legal advice from the Crown Solicitor about the general application of the law on the use and management of funds collected under repealed development contributions plans (DCPs), and for domestic waste management.

In relation to the use and management of funds collected under repealed DCPs, the Crown Solicitor advised that 'neither the EPA Act and the EPA regulation, nor present authorities, provide explicit or substantial guidance as to the extent to which a DCP may enable the carrying-over and application of contributions previously collected under a repealed plan. Nor by extension, do they provide significant assistance in determining whether a specific DCP is to be interpreted as permitting this practice.'

Some of the principles expressed by the Crown Solicitor differed from those of Council. As a result of these differences and feedback from Council, we have sought further advice from the Crown Solicitor on Council's specific circumstances. This will be provided to Council once it is received.

Council's movement of these funds back to externally restricted reserves in 2023 is in accordance with its most recent legal advice

We note that to address the potential breaches in prior years detailed above, on 27 June 2023, Council resolved to return:

- \$35.5 million from the Ryde Central Reserve to the s7.11 Externally Restricted Reserves.
- \$1.1 million from Employee Leave Entitlements Reserve to s7.11 Externally Restricted Reserves.
- \$1.1 million from interest earned in prior years from the Accommodation Reserve to the s7.11 Externally Restricted Reserves.

The same resolution also reimbursed Council's externally restricted reserves for the following amounts:

- \$3.7 million related to funds collected under voluntary planning agreements from the Accommodation Reserve to the Voluntary Planning Agreement Reserve.
- \$1.0 million of domestic waste management funds from the Accommodation Reserve to the Domestic Waste Management Reserve.

In consideration of Council's most recent legal advice and the Crown Solicitor's advice, we support the transfers of the funds back to externally restricted reserves in 2022–23.

As noted above, we plan to obtain further advice from the Crown Solicitor, to inform our view on whether Council breached legislation in prior years. However, the existence of any breach of legislation will not impact the 2022–23 financial statement disclosures, namely Note C 1-3 'Restricted and allocated cash, cash equivalents and investments', Note F 3-1 'Summary of developer contributions', Note F 3-2 'Developer contributions by plan' and Note F 3-3 'Contributions not under plans'. As such, we have issued an unmodified opinion on the financial statements for 2022–23.

The legislative requirements regarding the use of funds from repealed contributions plans would benefit from clarification

One of the key issues highlighted by the matters above, is that there is no specific guidance in the EPA Act or the EPA Regulation that provides for how funds collected under one DCP are to be treated if a contributions plan is repealed, or repealed and replaced by a new contributions DCP. The Council's legal advice noted a lack of clarity in the Local Government Code of Accounting Practice and Financial Reporting (the Code). The Crown Solicitor noted a lack of clarity in the legislation:

'I nonetheless note that the question would benefit greatly from clarification by way of amendment of the EPA and/or its sundry regulations'.

The Audit Office will be making recommendations in the Local Government Auditor-General's Report to Parliament to:

- the Department of Planning, Housing and Infrastructure, as the principal department primarily responsible for administration of the EPA Act, to specifically address how funds collected under one DCP are to be treated if a contributions plan is repealed, or repealed and replaced by a new DCP
- The Office of Local Government to make more explicit in the Code how funds from DCPs are to be disclosed in councils' financial statements.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	104	103	↑ 0.3
Grants and contributions revenue	31.1	26.5	↑ 17.4
Operating result from continuing operations	31.1	34.1	↓ 8.6
Net operating result before capital grants and contributions	8.5	15.6	↓ 45.5

Rates and annual charges revenue (\$104 million) remained relatively steady with an increase in rates of \$971,000 offset by a decrease in annual charges of \$692,000.

Grants and contributions revenue (\$31.1 million) increased by \$4.6 million (17.4 per cent) in 2022–23 due to:

- increase of \$9.2 million of developer contributions recognised during the year
- offset by a decrease of \$4.6 million of grants and non-developer contributions recognised during the year.

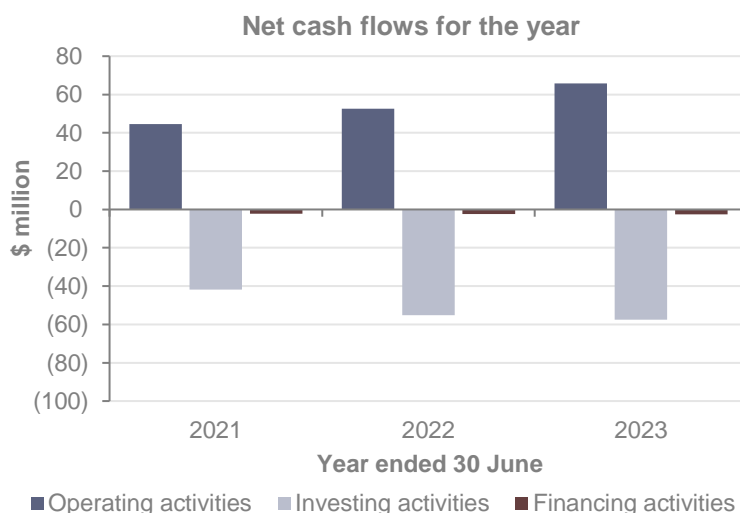
The Council's operating result from continuing operations (\$31.1 million including depreciation, amortisation and impairment expense of \$28.2 million) was \$3.0 million lower than the 2021–22 result. An increase of \$5.1 million in total income was offset by a \$8.0 increase in total expenses.

The net operating result before capital grants and contributions (\$8.5 million) was \$7.1 million lower than the 2021–22 result. The result excludes the impact of total grants and contributions.

STATEMENT OF CASH FLOWS

Cash balances increased by \$5.7 million due to:

- increase in cash inflows from operating activities of \$65.9 million
- offset by an increase in cash outflows from investing activities of \$57.6 million and cash outflows from investing activities of \$2.6 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	248	220	Externally restricted balances comprise mainly of developer contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	131	62.6	• Significant external restrictions include \$80 million in developer contributions - general and \$22.2 million in domestic waste management.
• Internal allocations	109	149	• Significant internal restrictions include \$21.6 million in the investment property reserve, \$17.7 million in refundable deposits and \$16.5 million in the accommodation reserve.

PERFORMANCE

Performance measures

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

Operating performance ratio

The Council met the benchmark for the current reporting period.

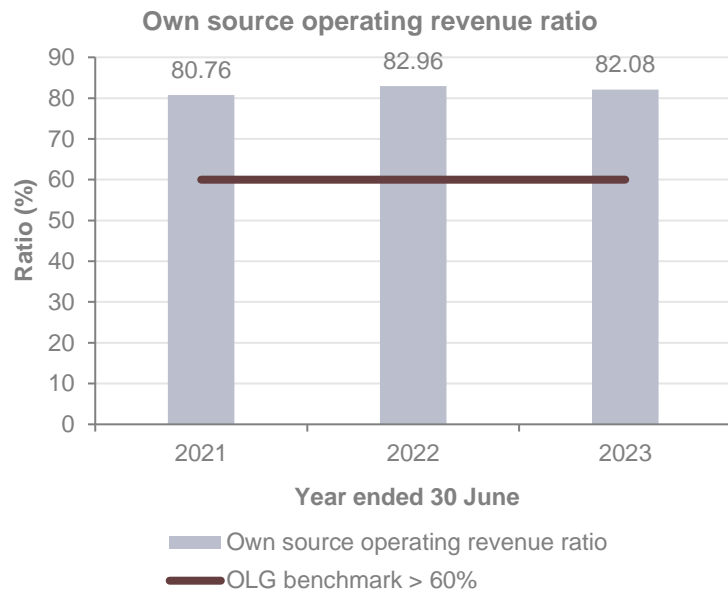
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council met the benchmark for the current reporting period.

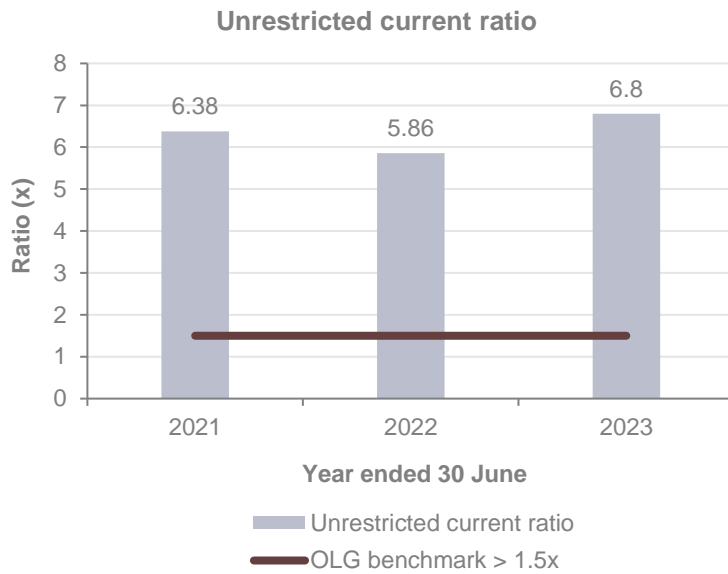
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council met the benchmark for the current reporting period.

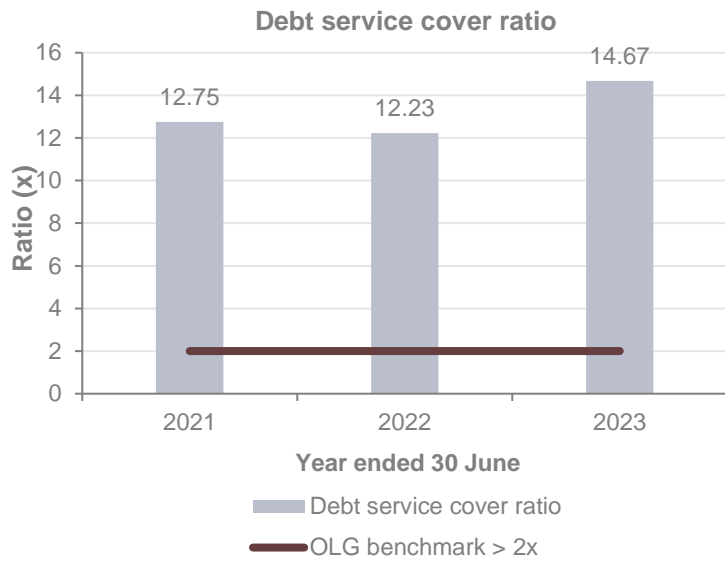
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the benchmark for the current reporting period.

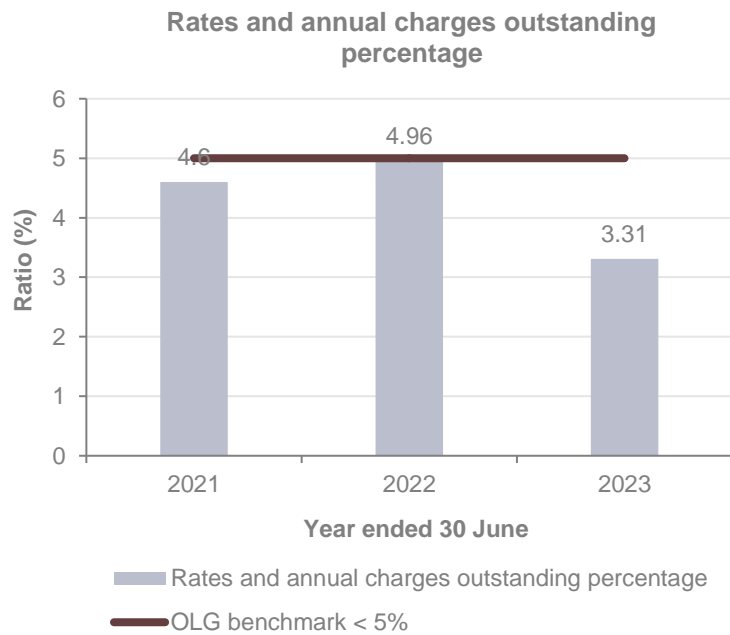
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

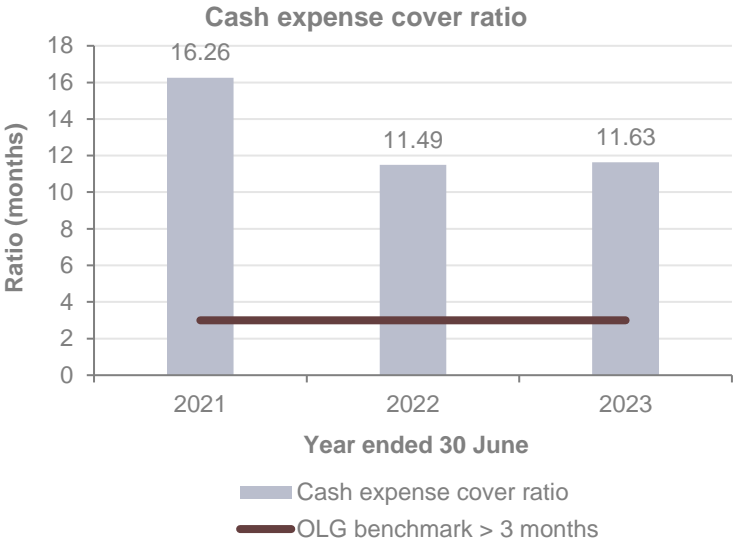
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$14.9 million of infrastructure, property, plant and equipment during the 2022–23 financial year. This was mainly spent on roads, bridges and recreation and land improvements.

OTHER MATTERS

Legislative compliance

My audit procedures identified instances of non-compliance with legislative requirements that will be reported in a letter to the Minister for Local Government. These instances did not occur in the current year.

Refer above 'Significant audit issues and observations' for further details.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Alison Brown
Delegate of the Auditor-General for New South Wales



Special Schedules

for the year ended
30 June 2023

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity
at your doorstep

Council of the City of Ryde

Special Schedules

for the year ended 30 June 2023

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Council of the City of Ryde

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	77,745	79,663
Plus or minus adjustments ²	b	1,364	482
Notional general income	c = a + b	79,109	80,145
Permissible income calculation			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	i = e x (c + g)	554	2,965
Sub-total	k = (c + g + h + i + j)	79,663	83,110
Total permissible income	o = k + n	79,663	83,110
Less notional general income yield	p	79,663	83,750
Catch-up or (excess) result	q = o - p	-	(640)
Plus income lost due to valuation objections claimed ⁴	r	-	640
Carry forward to next year ⁶	t = q + r + s	-	-

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Council of the City of Ryde

To the Councillors of Council of the City of Ryde

Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Alison Brown
Delegate of the Auditor-General for New South Wales

28 February 2024
SYDNEY

Council of the City of Ryde

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	–	–	316	377	44,701	70,048	0.0%	0.0%	100.0%	0.0%	0.0%
	Buildings – non-specialised	–	–	4,136	4,176	102,485	173,157	38.8%	5.6%	41.4%	7.7%	6.5%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	4,452	4,553	147,186	243,205	27.6%	4.0%	58.3%	5.5%	4.6%
Roads	Roads	1,216	1,216	520	769	180,350	293,454	33.3%	39.1%	19.5%	7.7%	0.4%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bridges	4	4	72	31	15,463	21,336	45.9%	9.4%	43.3%	1.4%	0.0%
	Footpaths and cycleways	408	408	1,832	1,662	81,234	151,889	21.3%	20.3%	51.2%	7.0%	0.2%
	Kerb and Gutter	3	3	1,031	1,273	76,533	138,097	3.2%	27.3%	69.3%	0.1%	0.1%
	Other road assets	306	306	1,988	2,038	40,669	54,005	39.9%	48.7%	10.3%	0.6%	0.5%
	Sub-total	1,937	1,937	5,443	5,773	394,249	658,781	25.2%	32.1%	37.3%	5.2%	0.2%
Stormwater drainage	Stormwater drainage	14,684	14,684	1,121	1,162	250,672	393,856	10.5%	47.1%	26.7%	12.1%	3.6%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	14,684	14,684	1,121	1,162	250,672	393,856	10.5%	47.1%	26.7%	12.1%	3.6%
Open space / recreational assets	Swimming pools	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	697	697	6,534	8,964	85,262	109,126	54.5%	34.9%	9.6%	0.2%	0.8%
	Sub-total	697	697	6,534	8,964	85,262	109,126	54.5%	34.9%	9.6%	0.2%	0.8%
Other infrastructure assets	Foreshore Assets	–	–	57	33	12,627	18,190	25.0%	36.6%	29.2%	9.1%	0.1%
	Carparks	–	–	140	90	12,770	19,919	13.5%	0.4%	73.2%	12.9%	0.0%
	Sub-total	–	–	197	123	25,397	38,109	19.0%	17.7%	52.2%	11.1%	0.0%
Total – all assets		17,318	17,318	17,747	20,575	902,766	1,443,077	23.6%	31.3%	36.2%	6.9%	2.0%

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

Infrastructure asset condition assessment 'key'

Satisfactory condition refers to an asset that is not due for renewal, where a condition rating scale from 1 (very good) to 5 (asset unservicable) is utilised (Source: International Infrastructure Management Manual 2006). It does not include any planned 'enhancements' to the asset. Condition 5 assets are taken as being overdue for renewal, as the end of condition 4 is the intervention point, useful life of the asset, at which time it should be renewed or disposed of.

Council of the City of Ryde

Report on infrastructure assets as at 30 June 2023 (continued)

Condition rating/ description

- 1 New or equivalent
- 2 Good condition without visible blemishes or deterioration
- 3 Usable & safe condition, with visible signs of wear or deterioration, e.g. cracks in footpaths
- 4 usable condition with defects that interfere with use or reduce asset life, e.g. extensive road cracking. At the end of condition 4, the asset will be due for renewal or disposal.
- 5 Requires major repairs or is not suitable to remain in use due to a significant safety hazard, i.e. it is overdue for renewal.

For condition 5 assets that remain in service, there is a low residual life 5%, but indefinite RUL (remaining useful life).

The backlog refers to asset renewals that have been deferred due to insufficient funds. Any asset in condition 5 is considered to have been deferred and overdue for renewal and therefore part of the backlog.

Council of the City of Ryde

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	14,911	69.00%	164.53%	124.17%	> 100.00%
Depreciation, amortisation and impairment	21,611				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	17,318	1.92%	1.79%	1.60%	< 2.00%
Net carrying amount of infrastructure assets	902,766				
Asset maintenance ratio					
Actual asset maintenance	20,575	115.94%	101.61%	91.94%	> 100.00%
Required asset maintenance	17,747				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	17,318	1.20%	1.13%	1.23%	
Gross replacement cost	1,443,077				

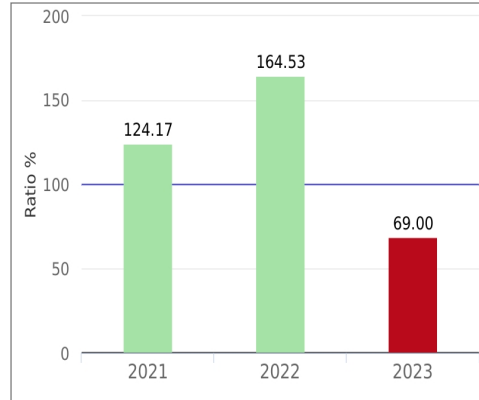
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Council of the City of Ryde

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 69.00%

This is mainly due to large scale projects requiring to be carried over due to protracted negotiations with utility providers, availability of contractors, staff vacancies during the year and price escalations within the construction industry requiring additional funding or a change in project scope.

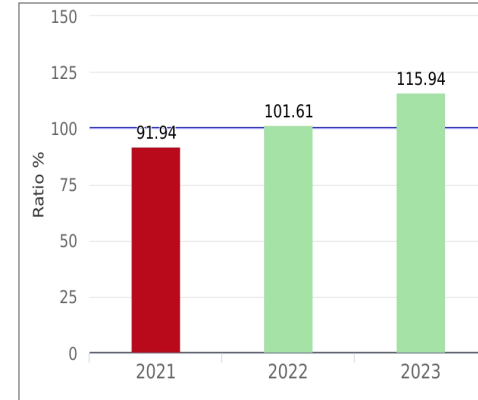
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 115.94%

This ratio shows that Council is spending greater on asset maintenance than what is required. This spending is important as it stops the infrastructure backlog from growing.

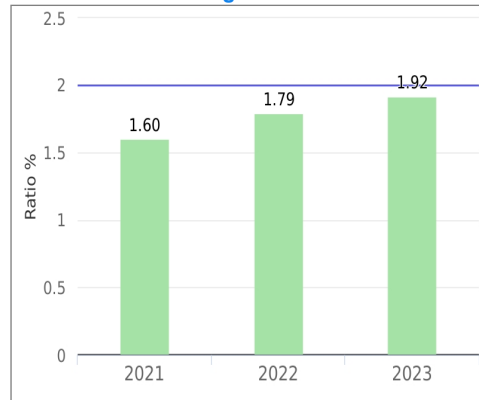
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 1.92%

This ratio has met benchmark level. Council will continue to spend money towards asset maintenance and asset renewals so that this backlog does not grow.

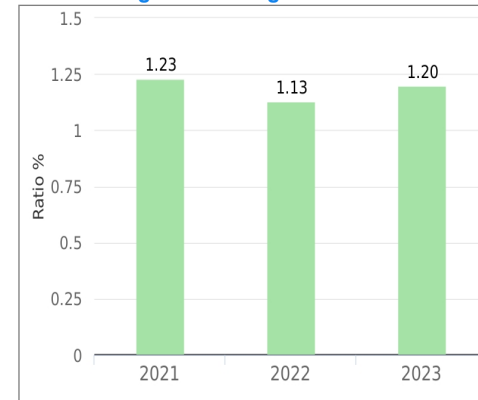
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 1.20%

This ratio continues to be met as the amount spent on outstanding renewal works ensures that the assets are kept at the agreed service levels.