



WILLOUGHBY  
CITY COUNCIL  
*City of Diversity*



# ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2024

*21 October 2024*



# Willoughby City Council - Executive Summary

## 2023/24 Annual Financial Statements

### Overview

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Willoughby City Council recorded a headline Surplus before Capital Grants and Contributions of \$3.1 million in the 2023/24 Financial Year. However, this result was inflated by a number of positive one-off transactions that are not within Council's control and not indicative of Council's underlying financial performance. When these one-off items are excluded, Council's expenses are still slightly higher than revenue, as revealed with an Operating Performance Ratio, which did not meet benchmark of zero percent. This issue of underlying expenses being higher than revenue will be addressed in future years through Council's successful Special Rate Variation application that commences in the 2024/25 Financial Year.

The 2023/24 Financial Statements find Council in a sustainable financial position with strong levels of working capital to meet future commitments in the short and long term.

Council's reserves and ongoing revenue streams will enable us to continue to deliver planned projects and capital works into the future.

### Introduction

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This commentary provides the highlights of Council's 2023/24 Financial Statements. The Financial Statements provide information in relation to Council's financial performance and financial position. The Statements are prepared in accordance with the Australian Accounting Standards, the *Local Government Act 1993*, *Local Government (General) Regulation 2021* and the *NSW Local Government Code of Accounting Practice and Financial Reporting 2023-24*.

The Financial Statements Comprise:

- General Purpose Financial Statements
- Special Purpose Financial Statements (Profit and Loss and Statement of Financial Position for Council's declared businesses of The Concourse, Willoughby Leisure Centre, Devonshire Child Care, Before/After School Care and Food Services).
- Special Schedules (Permissible Income schedule and Report on Infrastructure Assets)

The Financial Statements are independently audited by the Auditor General, reported to Council, placed on public exhibition and lodged with the Office of Local Government.

## Financial Performance – Summary Results

The following table highlights a comparison of financial performance between 30 June 2023 and 30 June 2024.

Income Statement	2023/24 \$'000	2022/23 \$'000
Total Income from Continuing Operations	178,304	139,247
Total Expenses from Continuing Operations	*(133,643)	(124,225)
<b>Surplus Operating Result from Continuing Operations (including Capital Grants and Contributions)</b>	<b>44,661</b>	<b>15,022</b>
Grants and Contributions provided for Capital Purposes	(41,568)	(17,865)
<b>Net Operating Result before Capital Grants and Contributions</b>	<b>3,093</b>	<b>(2,843)</b>

\* Numbers in brackets are minus numbers.

## Operating Result

Council achieved a consolidated operating surplus of \$3.1 million before capital grants and contributions. The primary reason for this operating surplus as opposed to the original budget deficit of (\$2.7 million), was a number of positive one-off or unusual transactions that are not in Council's control and/or not indicative of Council's underlying financial performance. Material one off items that have inflated Council's financial outcome in 2023/24 include:

One-Off / Uncontrollable Item	Amount	Explanation
Fair Value increment on investment properties	\$3.3 million	Budget was set at a \$1.7 million increase in fair value. Year end revaluation resulted in a \$5 million increase in fair value.
Sale of Non-Core Property	\$1.1 million	Property approved for sale by Council in 2022/23 was supposed to have settled in 2022/23 and therefore not in 2023/24 budget.
Change in Useful Lives of some Open Space Assets.	\$0.9 million	Accounting position paper approved by the Audit Office during 2023/24 audit.
Change from cash to accrual accounting for parking fines	\$0.9 million	One off timing difference arising from moving from recognising parking fine revenue on cash receipt, to recognising on issuing of fine.
Developer Contribution revenue classified as Operating Revenue	\$0.5 million	Change in classification of developer contributions from Capital to Operating Revenue where used for operating projects
<b>Total One-Off or Uncontrollable</b>	<b>\$6.7 million</b>	

If these one-off items were excluded, instead of recording an operating surplus of \$3.1 million, Council would have recorded an operating deficit of (\$3.6 million). This underlying performance is more aligned to the original budget deficit of (\$2.7 million) and very close to the Quarter 3 revised budget deficit of (\$3.7 million). This underlying deficit is reflected in Council’s 2023/24 Operating Performance Ratio which, while showing improvement on the previous year, was still negative and below benchmark (refer Note F5-1 in the General Purpose Financial Statements).

The primary reason for this is that despite some recovery in User Fees and Charges and Other Revenues (still recovering from the COVID pandemic), overall underlying Revenue was lower than Expenditure. This is because the gap created by high inflation in the previous 2 years could not be fully closed. This gap will be resolved in future years through Council’s successful Special Rate Variation application that commences in the 2024/25 Financial Year.

When grants and contributions provided for capital purposes are accounted for<sup>1</sup>, Council recorded a surplus of \$44.7 million, a significant increase on the \$15.0 million recorded in 2022/23. The main reason for this increase was significantly higher receipts of developer contributions, including the non-cash contribution of 13 Affordable Housing Units valued at \$13.2 million. Developer Contributions in general were higher than budget due to increased development activity.

## Statement of Financial Position

The following table shows a summary of Council’s financial position at 30 June 2024 compared to 30 June 2023.

Statement of Financial Position (Balance Sheet)	30 June 2024 \$'millions	30 June 2023 \$'millions
Total Assets	2,121.3	2,036.4
Total Liabilities	(86.4)	(86.1)
Net Assets	2,034.9	1,950.3

The net value of assets<sup>2</sup> owned by the Willoughby community at 30 June 2023 is \$2.03 billion (\$1.95 billion at 30 June 2023). The majority of this equity is ownership of land, buildings and infrastructure assets such as roads, stormwater drainage, footpaths, parks and open space. The increase in equity this year relates predominately to the upward revaluation of buildings,

<sup>1</sup> Council’s results are shown both including and excluding capital grants and contributions. By definition, capital grants and contributions are one off grants for specific assets and including them in the operating result may distort the actual underlying operating performance of Council. This is why Council also reports the result excluding capital grants and contributions, which is considered a more realistic measure of underlying operational performance.

<sup>2</sup> Net Assets (Net Value of Assets) refers to Total Assets owned by Council, less all Liabilities owed by Council. This is also referred to as “Equity”.

roads and stormwater assets, offset by downward revaluations of other infrastructure (retaining walls).

The following table shows a summary of Council's cash position at 30 June 2024 compared to 30 June 2023:

Cash and Investments	30 June 2024 \$'millions	30 June 2023 \$'millions
Externally Restricted Cash	122.1	120.4
Internally Restricted Cash	57.8	64.8
Unrestricted Cash	18.1	15.4
<b>Total Cash and Investments</b>	<b>198.0</b>	<b>200.6</b>

At 30 June 2024 Council's total cash and investment balance is \$198.0 million. It is important to note that \$179.9 million (91%) of this cash is restricted for use on specific purposes, leaving \$18.1 million (9%) as adequate unrestricted cash to fund day to day operations.







## Key Financial Performance Indicators

Council's 2023/24 financial performance has exceeded five of the six Office of Local Government (OLG) benchmarks for financial performance (refer Note F5-1 in the General Purpose Financial Statements).

Council did not meet the benchmark for the Operating Performance Ratio due to the underlying total operational revenues being lower than expenditure. This ratio excludes some revenue items not considered to be operational<sup>3</sup>.

Council's achievement of the other five OLG benchmarks for financial performance indicate that Council was, and will be able to, meet obligations.

The following table shows Council's performance against the Office of Local Government (OLG) key financial performance benchmarks in 2023/24.

Performance Measure	Purpose	Benchmark	2023/24 Result	Achieved	2022/23 Result
<b>Operating Performance Ratio</b>	Measures Council's achievement of containing operating expenditure within operating revenue	>0.00%	<b>-1.77%</b>		-4.08%
<b>Own Source Operating Revenue Ratio</b>	Measures Council's financial independence and capacity to fund operations without reliance on external grant funding.	>60.00%	<b>71.80%</b>		79.94%
<b>Unrestricted Current Ratio</b>	To assess the adequacy of working capital and Council's capacity to satisfy obligations in the short term.	> 1.5 x	<b>3.17 x</b>		2.99 x
<b>Debt Service Cover Ratio</b>	Measures the availability of operating cash to service debt (including interest, principal and lease payments).	> 2.00 x	<b>5.14 x</b>		4.12 x
<b>Rates and Annual charges outstanding percentage</b>	To assess the adequacy of recovery efforts and to measure the impact of uncollected rates and charges on Council's liquidity.	<5.00%	<b>2.70%</b>		2.50%
<b>Cash Expense Cover Ratio</b>	The number of months Council can continue to pay expenses without additional cash inflow (note however this ratio includes restricted cash that cannot be used on day to day expenses).	> 3 months	<b>19.50</b>		22.2 months

## Infrastructure Asset Performance Indicators




Council exceeded two of the three Office of Local Government (OLG) benchmarks for Asset Management. Council did not achieve the Buildings and Infrastructure Renewals Ratio in the 2023/24 financial year. Capital expenditure on renewals was slightly (\$169k) higher than prior year but this was more than cancelled out by higher depreciation which increased by \$850k.

Council's Infrastructure Backlog Ratio continued to satisfy the Infrastructure Backlog Ratio benchmark, but increased/ deteriorated as a result of more analysis and more accurate data

<sup>3</sup> Specific revenue items excluded from the Operating Performance Ratio are gain on the sale of assets and revaluation increases on investment properties. These items are not considered to be part of Council's day to day operations and performance.



on conditions of Council’s buildings. The following table shows Council’s performance against the Office of Local Government (OLG) infrastructure asset performance benchmarks in 2022/23.

Performance Measure	Purpose	Benchmark	2023/24 Result	Achieved	2022/23 Result
<b>Building and Infrastructure Renewals Ratio</b>	Measures the rate at which assets are being renewed relative to the rate at which they are depreciating.	>100.00%	<b>63.29%</b>		64.99%
<b>Infrastructure Backlog Ratio</b>	Shows what proportion the asset backlog is against the total value of Council's infrastructure.	<2.00%	<b>1.49%</b>		1.20%
<b>Asset Maintenance Ratio</b>	Compares actual versus required annual asset maintenance.	>100.00%	<b>101.29%</b>		103.39%
<b>Cost to bring assets to agreed service levels</b>	Provides a snapshot of the proportion of outstanding renewal works compared to the total value of Council's assets.	N/A	<b>1.12%</b>	N/A	0.89%

## Conclusion

The 2023/24 Financial Statements found Council in a sustainable financial position for that year. Council recorded a headline surplus but this was assisted by a number of positive one-off transactions. Underlying Operational Revenues was still lower than Expenditure as the gap created by high inflation in the previous 2 years could not be fully closed. This gap will be resolved in future years through Council’s successful Special Rate Variation application that commences in the 2024/25 Financial Year.

Council has a very strong Net Asset base and a strong capacity to meet obligations as they fall due. Council achieved five of six OLG benchmarks for Financial Performance, and two of three benchmarks for Infrastructure Asset Management. Council’s reserves and ongoing revenue streams will enable us to continue to deliver planned projects and capital works.

Chief Financial Officer

21 October 2024

# Willoughby City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

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WILLOUGHBY CITY COUNCIL



# Willoughby City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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WILLOUGHBY CITY COUNCIL

# Willoughby City Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Overview

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

31 Victor Street  
Chatswood NSW 2067

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

# Willoughby City Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

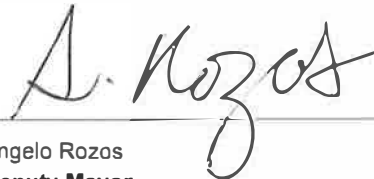
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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


Signed in accordance with a resolution of Council made on 21/10/2024.



Tanya Taylor  
**Mayor**  
21 October 2024



Angelo Rozos  
**Deputy Mayor**  
21 October 2024



Hugh Phemister  
**General Manager**  
21 October 2024



Stephen Naven  
**Chief Financial Officer**  
21 October 2024

## Willoughby City Council

### Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Income from continuing operations</b>				
73,301	Rates and annual charges	B2-1	<b>73,536</b>	69,675
16,200	User charges and fees	B2-2	<b>16,480</b>	14,953
8,876	Other revenues	B2-3	<b>10,357</b>	7,625
9,741	Grants and contributions provided for operating purposes	B2-4	<b>7,153</b>	9,579
10,995	Grants and contributions provided for capital purposes	B2-4	<b>41,568</b>	17,865
7,321	Interest and investment income	B2-5	<b>9,838</b>	4,254
14,077	Other income	B2-6	<b>18,820</b>	15,296
100	Net gain from the disposal of assets	B4-1	<b>552</b>	–
<b>140,611</b>	<b>Total income from continuing operations</b>		<b>178,304</b>	139,247
<b>Expenses from continuing operations</b>				
50,453	Employee benefits and on-costs	B3-1	<b>48,733</b>	44,885
54,858	Materials and services	B3-2	<b>58,031</b>	53,698
2,308	Borrowing costs	B3-3	<b>2,239</b>	2,254
21,565	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>20,848</b>	19,916
3,102	Other expenses	B3-5	<b>3,792</b>	3,122
–	Net loss from the disposal of assets	B4-1	<b>–</b>	350
<b>132,286</b>	<b>Total expenses from continuing operations</b>		<b>133,643</b>	124,225
<b>8,325</b>	<b>Operating result from continuing operations</b>		<b>44,661</b>	15,022
<b>8,325</b>	<b>Net operating result for the year attributable to Council</b>		<b>44,661</b>	15,022
<b>(2,670)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>3,093</b>	(2,843)

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

## Willoughby City Council

### Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>44,661</b>	15,022
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>39,835</b>	6,113
Impairment (loss) reversal / (revaluation decrement) relating to Non-Current Assets Held for Sale	C1-5	<b>–</b>	(3,220)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>39,835</b>	2,893
<b>Total other comprehensive income for the year</b>		<b>39,835</b>	2,893
<b>Total comprehensive income for the year attributable to Council</b>		<b>84,496</b>	17,915

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

# Willoughby City Council

## Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	13,074	12,576
Investments	C1-2	135,000	167,000
Receivables	C1-4	12,610	8,738
Non-Current assets classified as held for sale and disposal	C1-5	–	1,389
Other	C1-8	618	591
<b>Total current assets</b>		<b>161,302</b>	<b>190,294</b>
<b>Non-current assets</b>			
Investments	C1-2	50,000	21,000
Receivables	C1-4	51	51
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,804,979	1,724,907
Investment property	C1-7	103,631	98,620
Right of use assets	C2-1	948	1,031
Other	C1-8	400	500
<b>Total non-current assets</b>		<b>1,960,009</b>	<b>1,846,109</b>
<b>Total assets</b>		<b>2,121,311</b>	<b>2,036,403</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	28,271	24,265
Contract liabilities	C3-2	9,621	12,521
Lease liabilities	C2-1	361	362
Borrowings	C3-3	1,326	1,280
Employee benefit provisions	C3-4	10,394	10,275
<b>Total current liabilities</b>		<b>49,973</b>	<b>48,703</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	349	484
Borrowings	C3-3	35,485	36,220
Employee benefit provisions	C3-4	667	655
<b>Total non-current liabilities</b>		<b>36,501</b>	<b>37,359</b>
<b>Total liabilities</b>		<b>86,474</b>	<b>86,062</b>
<b>Net assets</b>		<b>2,034,837</b>	<b>1,950,341</b>
<b>EQUITY</b>			
Accumulated surplus		1,307,568	1,262,907
IPPE revaluation reserve		727,269	687,434
<b>Council equity interest</b>		<b>2,034,837</b>	<b>1,950,341</b>
<b>Total equity</b>		<b>2,034,837</b>	<b>1,950,341</b>

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

## Willoughby City Council

### Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July	F3-1	1,262,907	687,434	1,950,341	1,247,885	684,541	1,932,426
<b>Opening balance</b>		<b>1,262,907</b>	<b>687,434</b>	<b>1,950,341</b>	<b>1,247,885</b>	<b>684,541</b>	<b>1,932,426</b>
Net operating result for the year for 30 June 2023		44,661	–	44,661	15,022	–	15,022
<b>Net operating result for the period</b>		<b>44,661</b>	<b>–</b>	<b>44,661</b>	<b>15,022</b>	<b>–</b>	<b>15,022</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	39,835	39,835	–	6,113	6,113
Impairment (loss) relating to Non-Current Assets Held for Sale	C1-6	–	–	–	–	(3,220)	(3,220)
<b>Other comprehensive income</b>		<b>–</b>	<b>39,835</b>	<b>39,835</b>	<b>–</b>	<b>2,893</b>	<b>2,893</b>
<b>Total comprehensive income</b>		<b>44,661</b>	<b>39,835</b>	<b>84,496</b>	<b>15,022</b>	<b>2,893</b>	<b>17,915</b>
<b>Closing balance at 30 June</b>		<b>1,307,568</b>	<b>727,269</b>	<b>2,034,837</b>	<b>1,262,907</b>	<b>687,434</b>	<b>1,950,341</b>

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



## Willoughby City Council

## Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
73,248	Rates and annual charges		<b>73,396</b>	69,768
15,464	User charges and fees		<b>19,356</b>	15,040
7,534	Interest received		<b>7,313</b>	1,568
21,145	Grants and contributions		<b>40,519</b>	31,154
–	Bonds, deposits and retentions received		<b>1,794</b>	2,047
22,519	Other		<b>31,818</b>	21,684
<i>Payments:</i>				
(48,510)	Payments to employees		<b>(49,319)</b>	(44,753)
(54,248)	Payments for materials and services		<b>(67,319)</b>	(58,384)
(1,611)	Borrowing costs		<b>(1,650)</b>	(1,628)
(2,718)	Other		<b>(1,797)</b>	(1,799)
32,823	<b>Net cash flows from operating activities</b>	F1-1	<b>54,111</b>	34,697
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		<b>3,000</b>	–
–	Proceeds from sale of IPPE		<b>2,689</b>	773
<i>Payments:</i>				
–	Acquisition of term deposits		–	(11,000)
(58,735)	Payments for IPPE		<b>(57,501)</b>	(18,420)
(31,345)	<b>Net cash flows from investing activities</b>		<b>(51,812)</b>	(28,647)
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(1,280)	Repayment of borrowings		<b>(1,281)</b>	(1,486)
(200)	Principal component of lease payments		<b>(520)</b>	(469)
(1,480)	<b>Net cash flows from financing activities</b>		<b>(1,801)</b>	(1,955)
(2)	<b>Net change in cash and cash equivalents</b>		<b>498</b>	4,095
10,000	Cash and cash equivalents at beginning of year		<b>12,576</b>	8,481
9,998	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>13,074</b>	12,576
143,386	plus: Investments on hand at end of year	C1-2	<b>185,000</b>	188,000
153,384	<b>Total cash, cash equivalents and investments</b>		<b>198,074</b>	200,576

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

# Willoughby City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 21st October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

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

#### **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) fair values of investment properties – refer Note C1-7
- (ii) 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 - Council has made a significant judgement about the impairment of a number of its 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.

## A1-1 Basis of preparation (continued)

(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.

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

- General purpose operations

#### The Trust Fund

Council does not maintain a separate and distinct Trust Fund in accordance with the provisions of Section 411 of the *Local Government Act 1993*. This is because no monies are held in legal trust structures. Separate and distinct cash funded liability accounts are maintained to account for all externally restricted money and property received by Council which must be applied only for the purposes of or in accordance with the restrictions relating to those monies.

All externally restricted monies and property held by Council but not subject to the control of council have been excluded from these accounts.

### 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 2024 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### ***AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current***

#### ***AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date***

#### ***AASB 2020-10 -Amendments to Australian Accounting Standards-Fair Value Measurement of Non-Financial Assets of No-for-Profit Public Sector Entities***

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

### New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were effective for the 30 June 2024 reporting period:

#### ***AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments***

This pronouncement amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,

## A1-1 Basis of preparation (continued)

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- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council has assessed and does not expect any material impact from the above amendments.**

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
A City that is green	25,123	23,215	25,687	24,377	(564)	(1,162)	260	9	153,729	145,167
A City that is connected and inclusive	13,464	13,760	22,796	21,618	(9,332)	(7,858)	3,872	5,772	602,842	545,057
A City that is liveable	32,436	11,902	39,358	37,131	(6,922)	(25,229)	22,017	2,918	718,743	699,411
A City that is prosperous and vibrant	12,709	12,819	15,587	13,986	(2,878)	(1,167)	457	1,342	80,469	84,146
A City that is effective and accountable	94,572	77,551	30,215	27,113	64,357	50,438	22,115	17,403	565,528	562,622
<b>Total functions and activities</b>	<b>178,304</b>	<b>139,247</b>	<b>133,643</b>	<b>124,225</b>	<b>44,661</b>	<b>15,022</b>	<b>48,721</b>	<b>27,444</b>	<b>2,121,311</b>	<b>2,036,403</b>



## B1-2 Components of functions or activities

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

### A City that is green

- Create and enhance green spaces urban tree canopy cover and greening.
- Promote sustainable lifestyles and practices.
- Enhance, protect and respect waterways, bushland, nature, wildlife and ecological systems.
- Reduce use of energy, water and natural resourced and maximise reuse of waste.
- Reduce carbon and greenhouse gas emissions.

### A City that is connected and inclusive

- Enhance transport choices and connections throughout the City.
- Respect and celebrate our indigenous and non-indigenous history and heritage.
- Celebrate and encourage our diversity.
- Manage parking and reduce traffic congestion.
- Create neighbourhoods that connect people from all types of households and families.
- Foster a digitally enabled community.
- Promote accessible services and facilities for the community.
- Increase community resilience to shocks and stresses.

### A City that is liveable

- Foster feelings of inclusion, safety and cleanliness.
- Create recreation spaces for all.
- Promote an active and healthy lifestyle.
- Create desirable places to be and enjoy.
- Balance population growth and development with quality of life.
- Activate local spaces in creative ways.
- Promote housing choice and affordability.

### A City that is prosperous and vibrant

- Facilitate the development of all businesses.
- Build and support a night-time economy.
- Create memorable food destinations.
- Attract visitors and promote local, destination-based tourism.
- Diversify our economy including creative and innovative industries.
- Facilitate the viability and vibrancy of our CBD village centres.

### A City that is effective and accountable

- Be honest, transparent and accountable in all that we do.
- Demonstrate leadership and advocacy for local priorities.
- Balance the creation of new public assets with the upgrade of existing public assets.
- Anticipate and respond to changing community and customer needs.
- Make it easy for citizens to participate in decision making.
- Ensure value for money and financial sustainability
- Deliver excellent customer service.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2024	2023
<b>Ordinary rates</b>		
Residential	32,219	30,797
Business	21,970	21,441
Less: pensioner rebates (mandatory)	(162)	(163)
Less: pensioner rebates (Council policy)	(132)	(133)
<b>Rates levied to ratepayers</b>	<b>53,895</b>	<b>51,942</b>
Pensioner rate subsidies received	162	156
<b>Total ordinary rates</b>	<b>54,057</b>	<b>52,098</b>
<b>Special rates</b>		
Stormwater management levy	700	647
<b>Rates levied to ratepayers</b>	<b>700</b>	<b>647</b>
<b>Total special rates</b>	<b>700</b>	<b>647</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	19,182	17,267
Less: pensioner rebates (mandatory)	(65)	(65)
Less: pensioner rebates (Council policy)	(403)	(337)
<b>Annual charges levied</b>	<b>18,714</b>	<b>16,865</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	65	65
<b>Total annual charges</b>	<b>18,779</b>	<b>16,930</b>
<b>Total rates and annual charges</b>	<b>73,536</b>	<b>69,675</b>

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

#### Material accounting policy information

Rates and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts. Prepaid rates are recognised as a financial liability until the beginning of the rate 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.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## B2-2 User charges and fees

\$ '000	Timing	2024	2023
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Waste management services (non-domestic)	2	269	248
<b>Total specific user charges</b>		<b>269</b>	<b>248</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	2,224	1,805
Section 10.7 certificates (EP&A Act)	2	286	248
Section 603 certificates	2	166	120
Section 611 charges	2	63	59
<b>Total fees and charges – statutory/regulatory</b>		<b>2,739</b>	<b>2,232</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Child care	2	1,112	1,543
Leaseback fees – Council vehicles	2	213	193
Leisure centre	2	479	944
Parking fees	2	5,502	4,985
Restoration charges	2	1,656	810
Building related	2	1,641	1,467
Community services	2	2,332	2,043
Other	2	537	488
<b>Total fees and charges – other</b>		<b>13,472</b>	<b>12,473</b>
<b>Total other user charges and fees</b>		<b>16,211</b>	<b>14,705</b>
<b>Total user charges and fees</b>		<b>16,480</b>	<b>14,953</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		16,480	14,953
<b>Total user charges and fees</b>		<b>16,480</b>	<b>14,953</b>

### Material accounting policy information

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Planning, Building regulation and Section 611 charges are treated under AASB15 as a contract with the customer and are recognised at a point in time at the conclusion of service delivery obligations.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

## B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	8,311	6,281
Legal fees recovery – rates and charges (extra charges)	2	35	3
Legal fees recovery – other	2	189	87
Commissions and agency fees	2	–	1
Sales – general	2	2	7
Melody markets	2	1,304	838
Other	2	2	2
Merchant fee recovery	2	97	94
Services recovery	2	282	222
Sponsorship	2	135	90
<b>Total other revenue</b>		<b>10,357</b>	<b>7,625</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		7,625
<b>Total other revenue</b>		<b>7,625</b>

### Material accounting policy information for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	19	480	–	–
Financial assistance – local roads component	2	14	187	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	1,687	1,963	–	–
Financial assistance – local roads component	2	628	726	–	–
<b>Amount recognised as income during current year</b>		<b>2,348</b>	<b>3,356</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Community care	2	1,821	1,883	150	69
Floodplain management		51	–	–	–
Library – per capita	2	215	227	–	–
LIRS subsidy	2	1	9	–	–
Recreation and culture	2	490	494	–	150
Street lighting	2	1,079	197	–	–
Transport (roads to recovery)	2	9	367	375	–
Transport (other roads and bridges funding)	2	–	275	5,191	3,284
Other specific grants	2	23	90	214	9
<b>Previously contributions:</b>					
Other councils – joint works/services	2	223	22	–	–
Transport for NSW contributions (regional roads, block grant)	2	372	2,659	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>4,284</b>	<b>6,223</b>	<b>5,930</b>	<b>3,512</b>
<b>Non-cash contributions</b>					
Other		–	–	3,247	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>3,247</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>4,284</b>	<b>6,223</b>	<b>9,177</b>	<b>3,512</b>
<b>Total grants and non-developer contributions</b>		<b>6,632</b>	<b>9,579</b>	<b>9,177</b>	<b>3,512</b>
<b>Comprising:</b>					
– Commonwealth funding		3,402	3,724	1,196	–
– State funding		3,204	4,789	4,734	–
– Other funding		26	1,066	3,247	3,512
		<b>6,632</b>	<b>9,579</b>	<b>9,177</b>	<b>3,512</b>

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4, s7.11 &amp; s7.12 of the EP&amp;A Act):</b>						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements <sup>(1)</sup>	F4	2	521	–	2,841	7,272
S 7.11 – contributions towards amenities/services		2	–	–	14,708	5,438
S 7.12 – fixed development consent levies		2	–	–	1,622	1,643
<b>Non Cash Contributions:</b>						
S 7.4 Contributions using planning agreements			–	–	13,220	–
<b>Total developer contributions</b>			<b>521</b>	<b>–</b>	<b>32,391</b>	<b>14,353</b>
<b>Total developer contributions</b>			<b>521</b>	<b>–</b>	<b>32,391</b>	<b>14,353</b>
<b>Total contributions</b>			<b>521</b>	<b>–</b>	<b>32,391</b>	<b>14,353</b>
<b>Total grants and contributions</b>			<b>7,153</b>	<b>9,579</b>	<b>41,568</b>	<b>17,865</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			7,153	9,579	41,568	17,865
<b>Total grants and contributions</b>			<b>7,153</b>	<b>9,579</b>	<b>41,568</b>	<b>17,865</b>

((1)) Developer contributions are classified between Operational and Capital Income depending on the purpose they were collected for. So if Council collects Developer Contributions to fund operational projects, that component of Developer Contributions will be classified as Operational Revenue

## B2-4 Grants and contributions (continued)

### Unspent grants and non-developer contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Unspent grants and non-developer contributions</b>				
Unspent funds at 1 July	3,326	2,434	9,763	6,478
<b>Add:</b> operating grants recognised as income in the current period but not yet spent	493	2,226	525	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	(2,653)	388	(40)	7,422
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(387)	(1,722)	(5,682)	(4,137)
<b>Unspent funds at 30 June</b>	<b>779</b>	<b>3,326</b>	<b>4,566</b>	<b>9,763</b>

The majority of the unexpended Operating Grants as at 30th June 2022 is the Financial Assistance Grant.

### Developer Contributions

Unspent funds at 1 July	–	–	73,833	64,900
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	23,167	15,977
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(12,958)	(7,044)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>84,042</b>	<b>73,833</b>

Unexpended contributions as at 30 June 2023 relate to contributions received under s94, s94A, s7.11, s7.12 and voluntary planning agreements.



## B2-4 Grants and contributions (continued)

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### Material accounting policy information

#### 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 but include enforceable agreements to deliver specific waste management programs in conjunction with other councils. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### 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	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	118	90
– Cash and investments	9,720	4,164
<b>Total interest and investment income (losses)</b>	<b>9,838</b>	<b>4,254</b>
<b>Interest and investment income is attributable to:</b>		
Overdue rates and annual charges (general fund)	118	90
General Council cash and investments	5,088	1,902
Developer contributions		
– Section 7.11	434	89
- Section 94	–	116
- Section 94A	459	335
- Section 12	451	117
Site 1 – Cy Pres Scheme	28	18
Site 2 – Cy Pres Scheme	32	24
Other externally restricted assets	2,764	1,339
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	464	224
<b>Total interest and investment income</b>	<b>9,838</b>	<b>4,254</b>

### Material accounting policy information

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

## B2-6 Other income

\$ '000	Notes	2024	2023
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		5,011	2,414
<b>Total fair value increment on investment properties</b>	C1-7	<b>5,011</b>	<b>2,414</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		5,881	5,383
<b>Total Investment properties</b>		<b>5,881</b>	<b>5,383</b>
<b>Other lease income</b>			
Room/Facility Hire		7,928	7,235
Other		–	264
<b>Total other lease income</b>		<b>7,928</b>	<b>7,499</b>
<b>Total rental income</b>	C2-2	<b>13,809</b>	<b>12,882</b>
<b>Total other income</b>		<b>18,820</b>	<b>15,296</b>

## B3 Costs of providing services

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

\$ '000	2024	2023
Salaries and wages	36,994	33,697
Employee leave entitlements (ELE)	5,752	5,576
Superannuation	4,821	4,167
Workers' compensation insurance	1,566	1,969
Fringe benefit tax (FBT)	311	251
Other	70	44
<b>Total employee costs</b>	<b>49,514</b>	<b>45,704</b>
Less: capitalised costs	(781)	(819)
<b>Total employee costs expensed</b>	<b>48,733</b>	<b>44,885</b>

#### Material accounting policy information

##### *Retirement benefit obligations*

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

##### *Superannuation plans*

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

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

## B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		1,966	1,801
Contractor costs		15	1
Contractor and consultancy costs			
– Consultancy costs (assorted)		2,327	1,237
– Cleaning		1,740	1,445
– Waste Collection		8,327	8,367
– Equipment Maintenance		131	120
– Security Services		586	516
– Pay and Display Machine Maintenance		265	269
– Waste Disposal		7,189	5,096
– Management Fees		135	71
– Agency Personnel		2,542	2,726
– Open Space		3,575	3,921
– Infrastructure Works		4,485	5,001
– Street Cleaning		369	345
– Property Services		2,525	2,737
– Engineering Services		881	1,452
– Plant		124	148
– Environmental Services		598	1,321
– Events		1,025	1,056
– Willoughby Leisure Centre		19	37
– Chatswood Mall		46	36
– Other		1,364	1,554
Audit committee fees		20	21
Audit Fees	E2-1	175	100
Councillor and Mayoral fees and associated expenses	E1-2	515	518
Advertising		888	724
Bank charges		356	337
Electricity and heating		1,169	1,184
Insurance		2,223	1,953
Printing and stationery		159	158
Street lighting		1,135	555
Subscriptions and publications		455	331
Telephone and communications		759	627
Valuation fees		168	133
Travel expenses		22	23
Training costs (other than salaries and wages)		484	334
Other expenses		1,117	995
Commissions and agency fees		828	801
Computer operating expenses		3,086	2,915
Orchestra costs		36	195
Planning reform fees		741	631
Vehicle registrations		125	112
Water rates and other services		303	274
<b>Legal expenses:</b>			
– Legal expenses: planning and development		1,853	858
– Legal expenses: other		293	251
Other		887	411
<b>Total materials and services</b>		<b>58,031</b>	<b>53,698</b>
<b>Total materials and services</b>		<b>58,031</b>	<b>53,698</b>

### B3-3 Borrowing costs

\$ '000	2024	2023
<b>(i) Interest bearing liability costs</b>		
Interest on leases	23	42
Interest on loans	1,624	1,581
Fair value adjustment on loans (to Council)	592	631
<b>Total borrowing costs expensed</b>	<b>2,239</b>	<b>2,254</b>

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

\$ '000	Notes	2024	2023
<b>Depreciation and amortisation</b>			
Plant and equipment		1,352	1,207
Office equipment		99	103
Furniture and fittings		164	162
Land improvements (depreciable)		91	92
<b>Infrastructure:</b>	C1-6		
– Buildings (specialised)		6,088	5,419
– Other structures		499	306
– Roads		4,676	4,355
– Bridges		201	185
– Footpaths		1,644	1,464
– Stormwater drainage		1,595	1,488
– Swimming pools		66	61
– Other open space/recreational assets		3,376	4,031
– Other infrastructure		267	252
Right of use assets	C2-1	467	438
<b>Other assets:</b>			
– Library books		263	353
<b>Total gross depreciation and amortisation costs</b>		<b>20,848</b>	<b>19,916</b>
<b>Total depreciation and amortisation costs</b>		<b>20,848</b>	<b>19,916</b>

### Material accounting policy information

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are 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.

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	2024	2023
<b>Impairment of receivables</b>			
Other		154	59
<b>Total impairment of receivables</b>	C1-4	<b>154</b>	<b>59</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– EPA levy		270	261
– NSW fire brigade levy		2,590	2,103
– Parking space levy		344	254
Donations, contributions and assistance to other organisations (Section 356)		434	445
<b>Total other</b>		<b>3,638</b>	<b>3,063</b>
<b>Total other expenses</b>		<b>3,792</b>	<b>3,122</b>

## B4 Gains or losses

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

\$ '000	Notes	2024	2023
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		228	313
Less: carrying amount of plant and equipment assets sold/written off		(3)	(84)
<b>Gain (or loss) on disposal</b>		<b>225</b>	<b>229</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(745)	(981)
<b>Gain (or loss) on disposal</b>		<b>(745)</b>	<b>(981)</b>
<b>Gain (or loss) on disposal of non-current assets classified as 'held for sale'</b>	C1-5		
Proceeds from disposal – non-current assets 'held for sale'		2,461	460
Less: carrying amount of 'held for sale' assets sold/written off		(1,389)	(58)
<b>Gain (or loss) on disposal</b>		<b>1,072</b>	<b>402</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>552</b>	<b>(350)</b>



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>Other revenues</b>	8,876	10,357	1,481	17% <b>F</b>
Other revenues higher than budget due to higher fine revenue (mainly timing of revenue recognition) and higher occupancy in Council's Mall Markets.				
<b>Operating grants and contributions</b>	9,741	7,153	(2,588)	(27)% <b>U</b>
Operating Grants and Contributions were \$2.6 million lower than budget due mainly to not satisfying performance obligations on a grant for traffic signals that is still awaiting approval from other levels of government (\$2.29 million)				
<b>Capital grants and contributions</b>	10,995	41,568	30,573	278% <b>F</b>
The positive variance of \$30.6 million for Capital Grants and Contributions is due mainly to higher than anticipated Developer Contributions (both cash and non-cash contributions). Council received 13 x Affordable Housing Units equating to \$13.2 million that were not anticipated in budget. Cash contributions are difficult to forecast as they are dependent on development milestones and more development milestones were achieved than forecast in the budget.				
<b>Interest and investment revenue</b>	7,321	9,838	2,517	34% <b>F</b>
Positive variance of \$2.5 million is due to a combination of actual term deposit rates being higher than budgeted, along with higher than forecast cash balances (as a result of higher revenues).				
<b>Net gains from disposal of assets</b>	100	552	452	452% <b>F</b>
The gain on sale of Council property (as approved by Council) was anticipated to settle last financial year and was therefore not included in 2023/24 budget				
<b>Other income</b>	14,077	18,820	4,743	34% <b>F</b>
This is due to higher than budget Rental Revenue (resulting from lower vacancies), and the revaluation of Council Investment Properties being \$3.3 million higher than budget.				
<b>Expenses</b>				
<b>Other expenses</b>	3,102	3,792	(690)	(22)% <b>U</b>
This negative variance of \$690k is due almost entirely to unanticipated increase in the State Government imposed Emergency Services Levy (ESL). After budget adoption, the State Government announced a \$487k increase in Council's ESL cost. The minor increase in the Doubtful Debt Provision (\$154k) was not anticipated in budget.				

## B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>32,823</b>	<b>54,111</b>	<b>21,288</b>	<b>65% F</b>
The \$21 million positive variance on cash flow from operations is due mainly higher developer contribution revenue and higher user charges and fees revenue				
<b>Cash flows from investing activities</b>	<b>(31,345)</b>	<b>(51,812)</b>	<b>(20,467)</b>	<b>65% U</b>
The negative variance of \$21.4 million in cash flows from investing activities is due to less need for Council to sell investments to fund Capital Expenditure. This was due to higher than budgeted operational cash flow.				
<b>Cash flows from financing activities</b>	<b>(1,480)</b>	<b>(1,801)</b>	<b>(321)</b>	<b>22% U</b>
Minor \$321k variance is due to higher than budget payments on lease principle.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash on hand and at bank	3,121	1,214
Cash equivalent assets		
– Deposits at call	9,953	11,362
<b>Total cash and cash equivalents</b>	<b>13,074</b>	<b>12,576</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,074	12,576
<b>Balance as per the Statement of Cash Flows</b>	<b>13,074</b>	<b>12,576</b>

#### C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	135,000	50,000	167,000	21,000
<b>Total</b>	<b>135,000</b>	<b>50,000</b>	<b>167,000</b>	<b>21,000</b>
<b>Total financial investments</b>	<b>135,000</b>	<b>50,000</b>	<b>167,000</b>	<b>21,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>148,074</b>	<b>50,000</b>	<b>179,576</b>	<b>21,000</b>

#### Material accounting policy information

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

Investments have been classified as Current Vs Non-current based on whether the maturity is within or outside 12 months.

#### Financial assets

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

#### Classification

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

- amortised cost

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.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>198,074</b>	200,576
Less: Externally restricted cash, cash equivalents and investments	<u>(122,022)</u>	<u>(120,378)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>76,052</b>	80,198
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	<u>124</u>	124
<b>External restrictions – included in liabilities</b>	<b>124</b>	124
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>84,042</b>	73,834
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>285</b>	2,978
Affordable housing	<b>16,867</b>	16,018
Infrastructure levy reserve	<b>1,326</b>	3,829
Site 1 – CY pres scheme	<b>571</b>	679
Site 2 – CY pres scheme	<b>378</b>	1,048
Domestic waste management	<b>13,370</b>	11,758
Grant & Contributions Received in Advance	<b>5,059</b>	10,110
<b>External restrictions – other</b>	<b>121,898</b>	120,254
<b>Total external restrictions</b>	<b>122,022</b>	120,378

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.

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

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>(b) Internal allocations</b>		
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	2,292	3,092
Employees leave entitlement	2,200	2,200
Asset improvement	1,060	1,089
CBD event activities	137	137
Depot	1,957	1,048
Election	596	396
Environmental development plan	7,690	6,563
Flood Investigation	24	39
Information technology	-	1,670
Gore Hill Car Park Reserve	5,537	4,777
Leisure and Recreational Projects	5,923	4,185
Paid parking	1,952	1,877
Property plan	12,454	13,948
Repair to damage-road and footway	322	511
Stormwater management	6	466
The Concourse	9,958	9,289
Victor St Property redevelopment	3,838	10,234
Open space	478	733
Precinct Upgrade	1,385	2,552
<b>Total internal allocations</b>	<b>57,809</b>	<b>64,806</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by Council.

## C1-4 Receivables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	2,002	36	1,755	36
User charges and fees	3,661	–	3,415	–
Accrued revenues				
– Interest on investments	5,838	–	3,313	–
– Other income accruals	2,742	–	1,657	–
Other debtors	(470)	15	(393)	15
<b>Total</b>	<b>13,773</b>	<b>51</b>	<b>9,747</b>	<b>51</b>
<b>Less: provision for impairment</b>				
User charges and fees	(1,163)	–	(1,009)	–
<b>Total provision for impairment – receivables</b>	<b>(1,163)</b>	<b>–</b>	<b>(1,009)</b>	<b>–</b>
<b>Total net receivables</b>	<b>12,610</b>	<b>51</b>	<b>8,738</b>	<b>51</b>

\$ '000	2024	2023
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	1,009	950
+ new provisions recognised during the year	154	59
<b>Balance at the end of the year</b>	<b>1,163</b>	<b>1,009</b>

### Material accounting policy information

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

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

### Impairment

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

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

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

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

Credit losses are measured at 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.

Council writes off a 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, or when the receivables are over 2 years past due, whichever occurs first.

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

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

## C1-5 Non-current assets classified as held for sale and disposal

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Non-current assets held for sale</b>				
Land	-	-	1,271	-
Buildings	-	-	118	-
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>1,389</b>	<b>-</b>
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>1,389</b>	<b>-</b>

### Details of assets and disposal groups

During the 2023/24 Financial Year, Council disposed 9 Parkes Avenue, Artarmon - Council has approved the sale of this residential property as it sits outside the strategic operations of Council.

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	WIP written off/(to P & L)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	9,717	–	9,717	5,775	24,335	–	–	(1,559)	1,422	–	–	39,690	–	39,690
Plant and equipment	15,933	(9,371)	6,562	36	1,193	(3)	(1,352)	462	–	–	–	17,166	(10,268)	6,898
Office equipment	3,105	(2,729)	376	14	36	–	(99)	–	–	–	–	3,155	(2,828)	327
Furniture and fittings	3,512	(2,261)	1,251	–	1,123	–	(164)	99	–	–	–	4,734	(2,425)	2,309
<b>Land:</b>														
– Operational land	534,927	–	534,927	–	–	–	–	–	–	–	19	534,946	–	534,946
– Community land	263,315	–	263,315	–	–	–	–	–	–	–	–	263,315	–	263,315
Land improvements – depreciable	5,549	(984)	4,565	–	34	–	(91)	30	–	–	449	6,042	(1,055)	4,987
<b>Infrastructure:</b>														
– Buildings – non-specialised	26,579	–	26,579	–	13,306	–	–	–	–	(2)	–	39,883	–	39,883
– Buildings – specialised	421,948	(92,095)	329,853	178	3,985	–	(6,088)	207	–	–	16,260	446,496	(102,101)	344,395
– Other structures	11,172	(3,583)	7,589	–	48	–	(499)	5	–	–	539	11,791	(4,109)	7,682
– Roads	350,390	(132,589)	217,801	3,607	100	(295)	(4,676)	46	–	–	7,320	365,915	(142,013)	223,902
– Bridges	12,412	(2,654)	9,758	–	–	(137)	(201)	–	–	–	6,805	23,583	(7,359)	16,224
– Footpaths	98,689	(20,633)	78,056	340	442	(10)	(1,644)	94	–	–	2,047	102,165	(22,840)	79,325
– Bulk earthworks (non-depreciable)	24,959	–	24,959	–	–	–	–	–	–	–	941	25,900	–	25,900
– Stormwater drainage	175,829	(36,841)	138,988	1,273	1,265	(73)	(1,595)	156	–	–	5,460	185,339	(39,865)	145,474
– Swimming pools	5,838	(2,179)	3,659	–	–	–	(66)	–	–	–	437	6,385	(2,355)	4,030
– Other open space/recreational assets	80,475	(31,481)	48,994	8	714	(230)	(3,376)	308	–	–	2,646	86,119	(37,055)	49,064
– Other infrastructure	21,932	(4,764)	17,168	472	1,447	–	(267)	152	–	(3,086)	–	28,396	(12,513)	15,883
<b>Other assets:</b>														
– Library books	10,664	(9,874)	790	–	217	–	(263)	–	–	–	–	10,881	(10,136)	745
<b>Total infrastructure, property, plant and equipment</b>	<b>2,076,945</b>	<b>(352,038)</b>	<b>1,724,907</b>	<b>11,703</b>	<b>48,245</b>	<b>(748)</b>	<b>(20,381)</b>	<b>–</b>	<b>1,422</b>	<b>(3,088)</b>	<b>42,923</b>	<b>2,201,901</b>	<b>(396,922)</b>	<b>1,804,979</b>

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



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

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 <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	WIP written off/(to P & L)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	8,793	–	8,793	8,638	4,444	–	–	(10,239)	(1,918)	–	–	9,717	–	9,717
Plant and equipment	14,803	(8,969)	5,834	90	862	(84)	(1,207)	1,067	–	–	–	15,933	(9,371)	6,562
Office equipment	2,981	(2,627)	354	–	107	–	(103)	18	–	–	–	3,105	(2,729)	376
Furniture and fittings	3,055	(2,099)	956	–	53	–	(162)	404	–	–	–	3,512	(2,261)	1,251
<b>Land:</b>														
– Operational land	540,433	–	540,433	–	–	–	–	–	–	(5,506)	–	534,927	–	534,927
– Community land <sup>2</sup>	254,423	–	254,423	–	–	–	–	–	–	–	8,892	263,315	–	263,315
Land improvements – depreciable	5,600	(936)	4,664	–	82	(170)	(92)	81	–	–	–	5,549	(984)	4,565
<b>Infrastructure:</b>														
– Buildings – non-specialised	26,590	–	26,590	–	–	–	–	–	–	(11)	–	26,579	–	26,579
– Buildings – specialised	396,119	(80,526)	315,593	–	259	(96)	(5,419)	527	–	–	18,989	421,948	(92,095)	329,853
– Other structures	10,371	(3,082)	7,289	–	84	–	(306)	–	–	–	522	11,172	(3,583)	7,589
– Roads	340,878	(94,185)	246,693	1,279	1,350	(68)	(4,355)	2,477	–	(29,575)	–	350,390	(132,589)	217,801
– Bridges	11,946	(2,369)	9,577	–	–	–	(185)	–	–	–	366	12,412	(2,654)	9,758
– Footpaths	91,736	(18,394)	73,342	–	–	(34)	(1,464)	3,160	–	–	3,051	98,689	(20,633)	78,056
– Bulk earthworks (non-depreciable)	24,010	–	24,010	–	–	–	–	11	–	–	938	24,959	–	24,959
– Stormwater drainage	167,780	(35,354)	132,426	1,275	209	(261)	(1,488)	1,368	–	–	5,459	175,829	(36,841)	138,988
– Swimming pools	5,461	(1,973)	3,488	–	–	–	(61)	–	–	–	232	5,838	(2,179)	3,659
– Other open space/recreational assets	75,608	(26,541)	49,067	211	1,064	(182)	(4,031)	1,041	–	–	1,824	80,475	(31,481)	48,994
– Other infrastructure	21,012	(4,544)	16,468	73	32	(170)	(252)	85	–	–	932	21,932	(4,764)	17,168
<b>Other assets:</b>														
– Library books	10,438	(9,521)	917	–	226	–	(353)	–	–	–	–	10,664	(9,874)	790
<b>Total infrastructure, property, plant and equipment <sup>2</sup></b>	<b>2,012,037</b>	<b>(291,120)</b>	<b>1,720,917</b>	<b>11,566</b>	<b>8,772</b>	<b>(1,065)</b>	<b>(19,478)</b>	<b>–</b>	<b>(1,918)</b>	<b>(35,092)</b>	<b>41,205</b>	<b>2,076,945</b>	<b>(352,038)</b>	<b>1,724,907</b>

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

(2) The opening balances for Community Land have been adjusted in line with the correction of error (reduction) of (\$77.676M).

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

### Material accounting policy information

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### Useful lives of IPPE

Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Transportation assets (cont)</b>	<b>Years</b>
Office equipment	5 to 10	Footpaths bitumen	30
Office furniture	10 to 20	Carparks: pavement	40 to 100
Computer equipment	5		
Vehicles	5	<b>Buildings</b>	
Heavy plant/road making equipment	10	Envelope	40 to 150
Other plant and equipment	5 to 20	Roof	40 to 140
		Floors	60 to 150
<b>Open Space/Recreational Assets</b>		Floor Coverings	10 to 40
Playground equipment	5 to 135	Internal fit-out	5 to 75
Park Furniture & equipment	5 to 40	Mechanical	10 to 60
Playing surfaces	5 to 100	Transportation	25 to 150
Reticulation pipes: other	5 to 75	Fire protection	5 to 40
Natural assets(garden beds/turf)	5 to 100		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Other infrastructure	10 to 150
Sealed roads: surface	8 to 100	Land improvements	5 to 50
Sealed roads: pavement	100	Other structures	10 to 100
Major bridges	20 to 100		
Major culverts	20 to 50	<b>Stormwater assets</b>	
Minor structures	60 to 100	Drains	40 to 150
Kerb & gutter concrete	100	Culverts	20 to 50
Footpaths concrete	5 to 80	<b>Swimming Pools</b>	100 to 150
		<b>Library Books</b>	5

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

#### Revaluation model

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

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

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

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### **Land under roads**

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

Council has elected not to recognise land under roads acquired before 1 July 2008.

Management has assessed that land under roads acquired after 1 July 2008 is immaterial and has elected not to recognise it on this basis.

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

## C1-7 Investment properties

\$ '000	2024	2023
<b>Owned investment property</b>		
Investment property on hand at fair value	103,631	98,620
<b>Total owned investment property</b>	<b>103,631</b>	<b>98,620</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	98,620	98,620
Net gain/(loss) from fair value adjustments	5,011	2,414
<b>Closing balance at 30 June</b>	<b>103,631</b>	<b>98,620</b>

### Material accounting policy information

Investment property, principally comprising commercial buildings and units located at the Concourse and works depot sites are held for long-term rental yields and are not occupied by the Council.

## C1-8 Other

### Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	616	400	591	500
Other	2	-	-	-
<b>Total other assets</b>	<b>618</b>	<b>400</b>	<b>591</b>	<b>500</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council leases a number of Personal Computers as well as Photocopiers and Printers. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council does not lease any buildings.

#### Vehicles

Council does not lease any vehicles.

#### Office and IT equipment

Council has a number of leases for Computer Equipment as well as Photocopiers and Printers.

#### Extension options

The extension option of the leases has not been specified, therefore extension options are unable to be calculated.

#### (a) Right of use assets

\$ '000	Computers & Photocopiers	Total
<b>2024</b>		
Opening balance at 1 July	1,031	1,031
Additions to right-of-use assets	385	385
Depreciation charge	(467)	(467)
<b>Balance at 30 June</b>	<b>948</b>	<b>948</b>
<b>2023</b>		
Opening balance at 1 July	796	796
Additions to right-of-use assets	673	673
Depreciation charge	(438)	(438)
<b>Balance at 30 June</b>	<b>1,031</b>	<b>1,031</b>

#### (b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	361	349	362	484
<b>Total lease liabilities</b>	<b>361</b>	<b>349</b>	<b>362</b>	<b>484</b>

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

### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2024</b>					
Cash flows	393	406	–	799	710
<b>2023</b>					
Cash flows	413	575	–	988	846

### (d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	23	42
Depreciation of right of use assets	467	438
	<b>490</b>	<b>480</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	545	510
	<b>545</b>	<b>510</b>

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

Council has a number of leases at significantly below market value for land and buildings which are used for:

- Zenith Theatre
- Joe Ciantar Rehearsal Studio
- Castle Cove Library
- Willoughby Girls High Playing Fields
- Frank Channon Walkway
- West Chatswood Library
- Various waterways
- Vehicle bridge 15 Herbert St - St Leonards
- Land adjoining Artarmon Railway station
- Upper Lane Cove River jetty

The leases have varying terms and require payments of less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

None of the leases in place are individually material from a statement of financial position or performance perspective.

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

### Material accounting policy information

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.

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.

### 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

Council leases out a number of properties to community and commercial groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-7)

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

\$ '000	2024	2023
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#### (i) Assets held as investment property

Investment property operating leases relate to units and retail premises at The Concourse, units at Councils Depot complex and the Regency Leisure Centre.

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)	5,881	5,383
<b>Total income relating to operating leases for investment property assets</b>	<b>5,881</b>	<b>5,383</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	884	613
<b>Total expenses relating to operating leases</b>	<b>884</b>	<b>613</b>

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

Council provides operating leases on Council buildings for the purpose of community or commercial activities. The table below relates to operating leases on assets disclosed in C1-6.

Lease income (excluding variable lease payments not dependent on an index or rate)	7,928	7,499
<b>Total income relating to operating leases for Council assets</b>	<b>7,928</b>	<b>7,499</b>

Direct operating expenses (excluding variable lease payments)	9,640	8,913
<b>Total expenses relating to operating leases for Council assets</b>	<b>9,640</b>	<b>8,913</b>

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

\$ '000	2024	2023
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	10,082	9,723
1–2 years	9,874	9,182
2–3 years	9,670	8,999
3–4 years	8,918	8,241
4–5 years	7,180	6,251
> 5 years	162,702	161,281
<b>Total undiscounted lease payments to be received</b>	<b>208,426</b>	<b>203,677</b>



## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	3,747	–	3,308	–
Prepaid rates	153	–	46	–
Accrued expenses:				
– Borrowings	74	–	77	–
– Salaries and wages	17	–	726	–
– Other expenditure accruals	5,518	–	3,146	–
Security bonds, deposits and retentions	18,343	–	16,549	–
Other	419	–	413	–
<b>Total payables</b>	<b>28,271</b>	<b>–</b>	<b>24,265</b>	<b>–</b>

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

\$ '000	2024	2023
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	15,996	12,571
<b>Total payables</b>	<b>15,996</b>	<b>12,571</b>

#### 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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (received prior to performance obligations being satisfied)	(i)	5,058	-	10,110	-
<b>Total grants received in advance</b>		<b>5,058</b>	<b>-</b>	<b>10,110</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Other	(ii)	4,563	-	2,411	-
<b>Total user fees and charges received in advance</b>		<b>4,563</b>	<b>-</b>	<b>2,411</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>9,621</b>	<b>-</b>	<b>12,521</b>	<b>-</b>

### Notes

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

(ii) Upfront membership or swim school 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.

Upfront fees for DA fees are recognised as revenue under AASB15 when the DA determination is complete. Undetermined DAs are recognised as a contract liability.

Upfront fees for Hoarding permits and restorations are recognised under AASB15 when the performance obligations are completed. Obligations not satisfied are recognised as contract liabilities.

## C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	1,251	35,219	1,205	35,878
Deferred payment liabilities	75	266	75	342
<b>Total borrowings</b>	<b>1,326</b>	<b>35,485</b>	<b>1,280</b>	<b>36,220</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

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

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	37,083	(1,205)	–	–	–	592	36,470
Lease liability (Note C2-1b)	846	(136)	–	–	–	–	710
Deferred payment liabilities	417	(76)	–	–	–	–	341
<b>Total liabilities from financing activities</b>	<b>38,346</b>	<b>(1,417)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>592</b>	<b>37,521</b>

\$ '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	37,865	(1,413)	–	–	–	631	37,083
Lease liability (Note C2-1b)	642	204	–	–	–	–	846
Deferred payment liabilities	490	(73)	–	–	–	–	417
<b>Total liabilities from financing activities</b>	<b>38,997</b>	<b>(1,282)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>631</b>	<b>38,346</b>

### (b) Financing arrangements

\$ '000	2024	2023
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#### Total facilities

Total financing facilities available to Council at the reporting date are:

Bank overdraft facilities <sup>1</sup>	1,200	1,200
Credit cards/purchase cards	100	100
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

#### Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	3	20
<b>Total drawn financing arrangements</b>	<b>3</b>	<b>20</b>

#### Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	1,200	1,200
– Credit cards/purchase cards	97	80
<b>Total undrawn financing arrangements</b>	<b>1,297</b>	<b>1,280</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

## C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	3,408	–	3,408	–
Long service leave	6,069	454	5,833	436
Gratuities	–	178	–	178
ELE on-costs	917	35	1,034	41
<b>Total employee benefit provisions</b>	<b>10,394</b>	<b>667</b>	<b>10,275</b>	<b>655</b>

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,398	6,269
	<b>6,398</b>	<b>6,269</b>

### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
<b>2024</b>					
At beginning of year	3,408	6,269	1,075	178	10,930
Additional provisions	3,133	1,523	652	(1)	5,307
Amounts used (payments)	(3,097)	(1,273)	(612)	–	(4,982)
Remeasurement effects	(36)	4	(163)	1	(194)
<b>Total ELE provisions at end of year</b>	<b>3,408</b>	<b>6,523</b>	<b>952</b>	<b>178</b>	<b>11,061</b>
<b>2023</b>					
At beginning of year	3,578	6,157	1,033	179	10,947
Additional provisions	2,825	1,319	–	(5)	4,139
Amounts used (payments)	(3,068)	(1,339)	(36)	–	(4,443)
Remeasurement effects	73	132	78	4	287
<b>Total ELE provisions at end of year</b>	<b>3,408</b>	<b>6,269</b>	<b>1,075</b>	<b>178</b>	<b>10,930</b>

### Material accounting policy information

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

### 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.

## 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.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	13,074	12,576	13,069	12,576
Receivables	12,661	8,789	12,661	8,789
– Debt securities at amortised cost	185,000	188,000	185,000	188,000
<b>Total financial assets</b>	<b>210,735</b>	<b>209,365</b>	<b>210,730</b>	<b>209,365</b>
Payables	28,271	24,265	28,271	24,265
Borrowings	36,811	37,500	36,811	37,500
<b>Total financial liabilities</b>	<b>65,082</b>	<b>61,765</b>	<b>65,082</b>	<b>61,765</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

The risks associated with the financial instruments held are:

- Market risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,850	1,880

### (b) Credit risk

Council's major receivables comprise of rates and annual charges and user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2024</b>				
Gross carrying amount	1,490	432	116	2,038
2023				
Gross carrying amount	36	1,652	103	1,791

##### 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	
<b>2024</b>						
Gross carrying amount	7,067	402	435	954	3,803	12,661
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	30.58%	9.19%
<b>ECL provision</b>	–	–	–	–	1,163	1,163
2023						

2023

continued on next page ...

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
Gross carrying amount	4,970	735	109	600	1,593	8,007
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	63.34%	12.60%
ECL provision	–	–	–	–	1,009	1,009

### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2024</b>							
Payables	0.00%	18,343	9,201	–	–	27,544	28,271
Borrowings	0.00%	–	1,326	7,287	28,198	36,811	36,811
<b>Total financial liabilities</b>		<b>18,343</b>	<b>10,527</b>	<b>7,287</b>	<b>28,198</b>	<b>64,355</b>	<b>65,082</b>
<b>2023</b>							
Payables	0.00%	16,549	7,716	–	–	24,265	24,265
Borrowings	0.00%	–	1,280	5,890	30,330	37,500	37,500
<b>Total financial liabilities</b>		<b>16,549</b>	<b>8,996</b>	<b>5,890</b>	<b>30,330</b>	<b>61,765</b>	<b>61,765</b>

## D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
<b>Recurring fair value measurements</b>							
<b>Investment property</b> C1-7							
Retail & Commercial Premises		103,631	98,620	–	–	103,631	98,620
<b>Total investment property</b>		<b>103,631</b>	<b>98,620</b>	<b>–</b>	<b>–</b>	<b>103,631</b>	<b>98,620</b>
<b>Infrastructure, property, plant and equipment</b> C1-6							
Operational Land		534,946	534,927	–	–	534,946	534,927
Community Land		–	–	263,315	263,315	263,315	263,315
Land Improvements Depreciable		–	–	4,987	4,565	4,987	4,565
Buildings-Non Specialised		39,883	26,579	–	–	39,883	26,579
Buildings-Specialised		–	–	344,395	329,853	344,395	329,853
Other Structures		–	–	7,682	7,589	7,682	7,589
Roads		–	–	223,902	217,801	223,902	217,801
Bridges		–	–	16,224	9,758	16,224	9,758
Footpaths		–	–	79,325	78,056	79,325	78,056
Bulk Earthworks		–	–	25,900	24,959	25,900	24,959
Stormwater Drainage		–	–	145,474	138,988	145,474	138,988
Swimming Pools		–	–	4,030	3,659	4,030	3,659
Other Open Space/Recreational		–	–	49,064	48,994	49,064	48,994
Other Infrastructure Assets		–	–	15,883	17,168	15,883	17,168
<b>Total infrastructure, property, plant and equipment</b>		<b>574,829</b>	<b>561,506</b>	<b>1,180,181</b>	<b>1,144,705</b>	<b>1,755,010</b>	<b>1,706,211</b>

### Valuation techniques

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

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



## D2-1 Fair value measurement (continued)

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### Investment property

Council obtains independent valuations of its investment property on an annual basis to ensure to financial statements reflect the most up to date valuation.

Daniel Atherton - Registered Valuer NSW : VAL 015214 - APV Valuers and Asset Management undertook the valuation for the year ended 30 June 2024. The following method was used to determine the fair value measurements.

Land - Level 2 valuation inputs were used to value land held in freehold title (investment and non investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as characteristics of the land, such as size, zoning, topography, configuration. The most significant inputs into this valuation is price per square metre.

Buildings - Level 2 valuation inputs were used to determine the fair value of a range of properties. These have been generally derived using a combination of a sales direct comparison approach and a capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre. There has been no change in the valuation process during the reporting period.

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

#### Operational Land

This asset class incorporates all of Council's land classified as "Operational" under the *Local Government Act 1993*. The key unobservable input to the valuation is price per square metre. The last full valuation was undertaken on 30 June 2022 by APV Valuers and Asset Management. An external desktop valuation was undertaken by APV Valuers and Asset Management at 30 June 2024.

Land - Level 2 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

The most significant inputs into this valuation is price per square metre. There has been no change in the valuation process during the reporting period.

#### Community Land

Council's Community Land valuations have been performed internally based on Valuer General's valuations for rating purposes. Community Land was revalued at 30th June 2023 using the Valuer General's most current valuation data from 30th June 2022.

#### Land Improvements - Depreciable

This asset class comprises land improvements such as walking tracks. This fair valuation is undertaken annually by Council staff. The valuation is based on estimations of gross replacement cost, rates per square metre, asset condition, useful life and the pattern of consumption and has been valued using level 3 inputs.

#### Buildings - Non Specialised

Buildings were valued by APV Valuers and Asset Management in June 2022 using the market approach. An external desktop valuation was undertaken by APV Valuers and Asset Management at 30 June 2024.

The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

These assets are classified as having been valued using level 2 valuation inputs. There have been no changes in the valuation process during the reporting period.

#### Buildings - Specialised

Buildings were valued by APV Valuers and Asset Management in June 2022 using the cost approach. An external desktop valuation was undertaken by APV Valuers and Asset Management at 30 June 2024.

The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported

## D2-1 Fair value measurement (continued)

from market evidence (Level 2), other inputs (such as estimates of useful lives, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

These assets are classified as having been valued using level 3 valuation inputs. There have been no changes in the valuation process during the reporting period.

### Other Structures

This asset class includes assets such as The Chatswood Solar Farm, Public Art structures and The Water Treatment Tank at The Concourse were valued by APV Valuers and Asset Management in June 2022 using the cost approach. Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the assets into different components and for each component determined a value based on such factors as asset condition, legal and commercial obsolescence. An external desktop valuation was undertaken by APV Valuers and Asset Management at 30 June 2024.

These assets are classified as having been valued using level 3 valuation inputs. There have been no changes in the valuation process during the reporting period.

### Roads

This class of assets includes road pavement, surface and information, kerb and guttering, car parks and road side assets. We have undertaken a desktop analysis for road assets this year. Unit rates are reviewed and indexed based on PPI (Producer Price Index). This asset class is fair valued internally by Council staff. Whilst the unit and linear meter rates could be supported from the market evidence (Level 2), other inputs (such as useful lives, patterns of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value. These assets are classified as having been used Level 3 valuation inputs. There has been no change in the valuation process during the reporting period.

### Bridges

We have undertaken a comprehensive revaluation for Bridges assets through the 2023 and 2024 financial year. As part of Council's ongoing inspections, Pitt & Sherry (consultants) inspected and provided an updated condition data and replacement costs for assets based on their expertise and experience in these assets. The condition score was used to calculate the fair value using a straight line calculation. Useful lives were provided by the consultant and validated by Council's staff.

### Footpaths

This class of asset includes footpaths and pedestrian fencing. We have undertaken a desktop analysis for Footpath assets this year, unit rates are reviewed and indexed based PPI (Producer Price Index) this year. This asset class is fair valued internally by Council staff. Whilst the unit rates based on square metres could be supported from market evidence (Level 2), other inputs (such as useful lives, pattern of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value.

These assets are classified as having been valued using Level 3 valuation inputs. There has been no change in the valuation process during the reporting period.

### Bulk Earthworks

We have undertaken a desktop analysis for Bulk Earthwork assets this year, unit rates are reviewed and indexed based on PPI (Producer Price Index) this year. This asset class is fair valued internally by Council staff. Whilst the unit rate is based on a per square metre rate could be supported from market evidence (Level 2), other inputs (such as useful lives, pattern of consumption and asset condition) required extensive professional judgement which impacted significantly on the final determination of fair value.

These assets are classified as having been valued using level 3 valuation inputs. There has been no change in the valuation process during the reporting period.

### Stormwater Drainage

This class of asset includes Stormwater Conduits, Pits and Gross Pollutant Traps. We have undertaken a desktop analysis for Stormwater Drainage assets this year, unit rates are reviewed and indexed based on PPI (Producer Price Index) this year. This asset class is fair valued internally by Council staff. Whilst the unit rates based on linear metres could be supported from market evidence (Level 2), other inputs (such as useful lives, gross replacement cost, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

These assets are classified as having been valued using Level 3 inputs. There has been no change in the valuation process during the reporting period.

## D2-1 Fair value measurement (continued)

### Swimming Pools

This class of asset includes the pool at the Willoughby Leisure Centre together with the Ocean pool at Northbridge Baths. Swimming Pools. An external desktop valuation was undertaken by APV Valuers and Asset Management at 30 June 2024.

The valuation required inputs such as gross replacement cost, assessment of useful life, residual value and pattern of consumption and as a result has been valued using Level 3 inputs.

There has been no change in the valuation process during the reporting period.

### Other Open Space/Recreational

This class of asset includes Playgrounds, Parks, Sporting Fields, Open Space Footpaths and Bushland Assets. A comprehensive revaluation was completed for the fair value of playgrounds, synthetic oval surfaces and the Northbridge Clock Tower in 2023/24. External specialist contractors were engaged to assess current condition of these assets. A desktop analysis for the other assets were undertaken and the PPI (Producer Price Index) was applied to unit rates. Also, completed during 23/24 was the review of Other Open Space/ Recreational asset's useful lives by an external valuer and internal peer review panel. This updated data was then used to calculate current fair value.

### Other Infrastructure Assets

This class of asset includes Retaining wall assets. We have undertaken a comprehensive revaluation for some Retaining wall assets this year. As part of Council's ongoing inspections, Aurecon (consultant) inspected and provided updated data and replacement costs for assets based on their expertise and experience in these assets. The condition score was used to calculate the fair value using a straight line calculation. Useful lives were provided by the consultant and validated by Council's staff.

A desktop analysis for the other Retaining wall assets were undertaken and the PPI (Producer Price Index) was applied to unit rates.

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

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

AASB 13 Fair Value Measurement requires disclosure of fair value measurement by level of input, using the following hierarchy;

- Level 1 - Quoted prices (unadjusted) 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 asset or liability

### Fair Value - Valuation Techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

**Cost Approach** - A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

**Income Approach** - Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (ie discounted ) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

**Market Approach** - A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

### (1) Valuation techniques used to derive Level 2 and Level 3 inputs are as follows:

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Level 2 Valuation:

- Quoted prices for similar asset in active markets

## D2-1 Fair value measurement (continued)

- Current replacement cost concept
- Purchase Price
- Useful Lives

Level 3 Valuation:

- Pattern of consumption
- Asset condition
- Unit rates
- Useful lives

### (2) Transfers between hierarchy

Council's policy for determining when transfers into different levels of the hierarchy have occurred is at the end of the reporting period. During the reporting period the Road asset class has been transferred from Level 2 to Level 3 following a full revaluation, an external pavement survey and the use of actual tender rates

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Community Land	Cost Approach	Unimproved Capital Value provided by NSW Valuer General.
Land improvements depreciable	Cost Approach	Replacement Cost - Unit rates vary from asset to asset. Asset condition 1-5 Excellent to very poor. Useful life 5 to 50 years.
Building specialised	Cost Approach	Replacement Cost - Unit Rates vary from asset to asset. Asset Condition rating 1-5 Excellent to very poor. Useful life 15 to 150 years. Components: Envelope, Roof, Floors, Floor Coverings, Internal fit-out, Mechanical, Transportation and Fire Protection
Other structures	Cost Approach	Replacement Cost vary from asset to asset. Asset Condition rating 1 to 5 Excellent to very poor. Useful life 10 to 100 years.
Bridges	Cost Approach	Replacement Cost vary from asset to asset. Asset condition rating 1 to 5 Excellent to very poor. Useful life 20 to 100 years.
Footpaths	Cost Approach	Replacement cost - Unit rates vary from asset to asset. Asset condition rating 1 to 5 Excellent to very poor. Useful life 30 to 80 years.
Bulk earthworks (non-depreciable)	Cost Approach	Replacement cost- Unit rate \$13.24. Asset Condition rating 1 to 5 Excellent to very poor. Useful life 500 years to indefinite.
Stormwater drainage	Cost Approach	Replacement cost vary from asset to asset. Asset Condition rating 1 to 5 Excellent to very poor. Useful life 40 to 150 years.
Swimming pools	Cost Approach	Replacement Costs vary from asset to asset. Asset Condition rating 1 to 5 Excellent to very poor. Useful life 100 to 150 years.

## D2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other open space recreational	Cost Approach	Replacement costs vary from asset to asset. Asset Condition rating 1 to 5 Excellent to Very poor. Useful life 10 to 100 years.
Other infrastructure assets	Cost Approach	Replacement costs vary from asset to asset. Asset Condition rating 1 to 5 Excellent to very poor. Useful life 60 to 100 years.

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

\$ '000	Community Land		Land improv- ements depreciable		Building specialised		Other structures	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>263,315</b>	332,099	<b>4,565</b>	4,664	<b>329,853</b>	315,593	<b>7,589</b>	7,289
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	(70,938)	<b>449</b>	–	<b>16,260</b>	19,107	<b>539</b>	522
<b>Other movements</b>								
Transfers to & from Other Category	–	(2)	–	–	–	–	–	–
Purchases (GBV)	–	2,156	<b>64</b>	162	<b>4,370</b>	785	<b>53</b>	84
Depreciation and impairment	–	–	<b>(91)</b>	(261)	<b>(6,088)</b>	(5,632)	<b>(499)</b>	(306)
Disposal	–	–	–	–	–	–	–	–
<b>Closing balance</b>	<b>263,315</b>	263,315	<b>4,987</b>	4,565	<b>344,395</b>	329,853	<b>7,682</b>	7,589

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks (non- depreciable)	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>217,801</b>	246,692	<b>9,758</b>	9,577	<b>78,056</b>	73,342	<b>24,959</b>	24,010
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>7,320</b>	(29,576)	<b>6,805</b>	366	<b>2,048</b>	3,050	<b>941</b>	937
<b>Other movements</b>								
Purchases (GBV)	<b>3,752</b>	5,107	–	–	<b>876</b>	3,160	–	12
Depreciation and impairment	<b>(4,676)</b>	(4,422)	<b>(202)</b>	(185)	<b>(1,645)</b>	(1,496)	–	–
Disposal	<b>(295)</b>	–	<b>(137)</b>	–	<b>(10)</b>	–	–	–
<b>Closing balance</b>	<b>223,902</b>	217,801	<b>16,224</b>	9,758	<b>79,325</b>	78,056	<b>25,900</b>	24,959

## D2-1 Fair value measurement (continued)

\$ '000	Stormwater drainage		Swimming pools		Other open space recreational		Other infrastructure assets	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>138,988</b>	132,426	<b>3,659</b>	3,488	<b>48,994</b>	49,067	<b>17,168</b>	16,468
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>5,460</b>	5,458	<b>437</b>	231	<b>2,646</b>	1,824	<b>(3,088)</b>	814
<b>Other movements</b>								
Purchases (GBV)	<b>2,694</b>	2,852	–	–	<b>1,030</b>	2,316	<b>2,071</b>	197
Depreciation and impairment	<b>(1,595)</b>	(1,748)	<b>(66)</b>	(60)	<b>(3,376)</b>	(4,213)	<b>(268)</b>	(311)
Disposal	<b>(73)</b>	–	–	–	<b>(230)</b>	–	–	–
<b>Closing balance</b>	<b>145,474</b>	138,988	<b>4,030</b>	3,659	<b>49,064</b>	48,994	<b>15,883</b>	17,168

\$ '000	Total	
	2024	2023
<b>Opening balance</b>	<b>1,144,705</b>	1,214,715
Recognised in other comprehensive income – revaluation surplus	<b>39,817</b>	(68,205)
Transfers to & from Other Category	–	(2)
Purchases (GBV)	<b>14,910</b>	16,831
Depreciation and impairment	<b>(18,506)</b>	(18,634)
Disposal	<b>(745)</b>	–
<b>Closing balance</b>	<b>1,180,181</b>	<b>1,144,705</b>

## Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use following due consideration to: physical possibility, legal permissibility, financial feasibility and maximum profitability.

Implied within these criteria is the recognition of the contribution of that specific use to the community's environment and development goals.

## 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 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service 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 the entity.

## 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 2024 was **\$261,661.43**. The last valuation of the Scheme was performed by Richard Boyfield, Fellow of the Institute of Actuaries of Australia on **30 June 2023** and covers the period ended **30 June 2024**.

Council's expected contribution to the plan for the next annual reporting period is **\$166,923.96**.

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

Defined Benefit reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of **\$87,713.88** as at 30 June 2024.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 2023/24 2.5% per annum thereafter

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

Council is a member of CivicRisk Mutual Limited, 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 30th 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.



## D3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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

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

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

Council has classified a number of privately owned land parcels as local open space or for similar public purposes.

As a result, if notified by the owners of those parcels, Council may be required to acquire the land where the owner can demonstrate that he or she will suffer hardship if acquisition of the land is delayed.

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

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits	1,407	1,344
<b>Total</b>	<b>1,407</b>	<b>1,344</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed. There are no other disclosures to be made by KMP.

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

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	73	71
Councillors' fees	359	349
Other Councillors' expenses (including Mayor)	83	98
<b>Total <sup>1</sup></b>	<b>515</b>	<b>518</b>

(1) Total Councillor and Mayoral Fees and associated expenses have decreased between 2022/23 and 2023/24 due to decrease in the other expenses

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	175	100
<b>Remuneration for audit and other assurance services</b>	<b>175</b>	<b>100</b>
<b>Total Auditor-General remuneration</b>	<b>175</b>	<b>100</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>Total audit fees</b>	<b>175</b>	<b>100</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>44,661</b>	15,022
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	20,848	19,916
(Gain) / loss on disposal of assets	(552)	350
Non-cash capital grants and contributions	(3,247)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(5,011)	(2,414)
– Fair valuation adjustment (re-measurement) of existing loans to Council	592	631
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(4,026)	(2,072)
Increase / (decrease) in provision for impairment of receivables	154	59
(Increase) / decrease of other current assets	73	1,153
Increase / (decrease) in payables	439	(4,686)
Increase / (decrease) in accrued interest payable	(3)	(5)
Increase / (decrease) in other accrued expenses payable	1,663	248
Increase / (decrease) in other liabilities	1,907	2,065
Increase / (decrease) in contract liabilities	(2,900)	4,447
Increase / (decrease) in employee benefit provision	131	(17)
<b>Net cash flows from operating activities</b>	<b>54,729</b>	<b>34,697</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2024	2023
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Buildings	3,035	3,260
Plant and equipment	1,168	719
Footpaths	2,865	7,125
Roads	630	128
Drainage	218	294
Open Space	382	195
Other	13	325
Swimming Pool	17,335	30,764
<b>Total commitments</b>	<b>25,646</b>	<b>42,810</b>

#### These expenditures are payable as follows:

Within the next year	25,646	37,810
Later than one year and not later than 5 years	-	5,000
<b>Total payable</b>	<b>25,646</b>	<b>42,810</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	1,367	856
Sect 64 and 94 funds/reserves	6,651	9,612
Other reserves	17,628	32,342
<b>Total sources of funding</b>	<b>25,646</b>	<b>42,810</b>

#### Details of capital commitments

Council has committed to large projects such as The Willoughby Leisure Centre upgrade (Swimming Pool), Hampden Road Artarmon upgrade, Council Plant Replacement and Artarmon Parklands Pavillion upgrade.

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

---

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

## F4 Statement of developer contributions

### F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Traffic facilities	839	–	–	–	–	(839)	–	–	–
Parking	333	–	–	–	–	(333)	–	–	–
Child Care	3,402	–	–	–	–	(3,402)	–	–	–
S94 - Non CBD	9,829	66	–	–	347	(4,784)	–	5,458	–
S94 CBD	2,384	201	–	–	113	(117)	–	2,581	–
S7.11 Recoupment - Open Space Recreation	41	60	–	–	3	–	–	104	–
S7.11 Recoupment - Community Facilities	957	1,116	–	–	70	–	–	2,143	–
S7.11 Open Space and Recreation Facilities	4,930	5,802	–	–	340	(987)	–	10,085	–
Active Transport and Public Domain Facilities	280	308	–	–	20	–	–	608	–
S7.11 Plan Administration	–	109	–	–	–	(109)	–	–	–
S7.12 CBD	548	7,046	–	–	189	–	–	7,783	–
S7.12 Non - CBD	5,341	1,622	–	–	262	(1,004)	–	6,221	–
<b>S7.11 contributions – under a plan</b>	<b>28,884</b>	<b>16,330</b>	<b>–</b>	<b>–</b>	<b>1,344</b>	<b>(11,575)</b>	<b>–</b>	<b>34,983</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>28,884</b>	<b>16,330</b>	<b>–</b>	<b>–</b>	<b>1,344</b>	<b>(11,575)</b>	<b>–</b>	<b>34,983</b>	<b>–</b>
S7.4 planning agreements	44,949	3,362	–	–	2,131	(1,383)	–	49,059	–
Affordable housing	–	–	–	13,220	–	(13,220)	–	–	–
<b>Total contributions</b>	<b>73,833</b>	<b>19,692</b>	<b>–</b>	<b>13,220</b>	<b>3,475</b>	<b>(26,178)</b>	<b>–</b>	<b>84,042</b>	<b>–</b>

## F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>CONTRIBUTION PLAN NUMBER 1 – WILLOUGHBY CITY COUNCIL</b>										
Traffic facilities	839	–	–	–	–	(839)	–	–	–	–
Parking	333	–	–	–	–	(333)	–	–	–	–
Child Care	3,402	–	–	–	–	(3,402)	–	–	–	–
S94A - Non CBD	9,829	66	–	–	347	(4,784)	–	5,458	–	–
S94 A - CBD	2,384	201	–	–	113	(117)	–	2,581	–	–
S7.11 Recoupment - Open Space Recreation	41	60	–	–	3	–	–	104	–	–
S7.11 Recoupment - Community Facilities	957	1,116	–	–	70	–	–	2,143	–	–
S7.11 Open Space and Recreation Facilities	4,930	5,802	–	–	340	(987)	–	10,085	–	–
Active Transport and Public Domain Facilities	280	308	–	–	20	–	–	608	–	–
S7.11 Plan Administration	–	109	–	–	–	(109)	–	–	–	–
S7.12 CBD	548	7,046	–	–	189	–	–	7,783	–	–
S7.12 Non - CBD	5,341	1,622	–	–	262	(1,004)	–	6,221	–	–
<b>Total</b>	<b>28,884</b>	<b>16,330</b>	<b>–</b>	<b>–</b>	<b>1,344</b>	<b>(11,575)</b>	<b>–</b>	<b>34,983</b>	<b>–</b>	<b>–</b>

## F4-3 S7.4 planning agreements

### S7.4 planning agreements

Gore Hill Development	30,559	–	–	–	1,415	(99)	–	31,875	–	–
Thomas Street	1,618	–	–	–	75	–	–	1,693	–	–
Frederick Street	249	–	–	–	12	–	–	261	–	–
Walter Street	2,633	–	–	–	99	(1,000)	–	1,732	–	–
Anderson & Help Street VPAs	2,532	–	–	–	115	(97)	–	2,550	–	–
Mirvac Development (14 Artarmon Road)	–	1,727	–	–	40	–	–	1,767	–	–
Community Infrastructure Contribution(CIC)	7,358	1,635	–	–	375	(187)	–	9,181	–	–
Affordable housing	–	–	–	13,220	–	(13,220)	–	–	–	–
<b>Total</b>	<b>44,949</b>	<b>3,362</b>	<b>–</b>	<b>13,220</b>	<b>2,131</b>	<b>(14,603)</b>	<b>–</b>	<b>49,059</b>	<b>–</b>	<b>–</b>



## F5 Statement of performance measures

### F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(2,316)</b>	<b>(1.77)%</b>	(4.08)%	(2.42)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>131,173</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>124,020</b>	<b>71.80%</b>	79.94%	84.29%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>172,741</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>3</sup>	<b>87,488</b>	<b>3.17x</b>	2.99x	2.90x	> 1.50x
Current liabilities less specific purpose liabilities	<b>27,579</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>20,771</b>	<b>5.14x</b>	4.12x	4.51x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>4,040</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>2,038</b>	<b>2.70%</b>	2.50%	2.59%	< 5.00%
Rates and annual charges collectable	<b>75,480</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>198,074</b>	<b>19.50</b>	22.18	22.00	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>10,157</b>	<b>months</b>	months	months	months

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

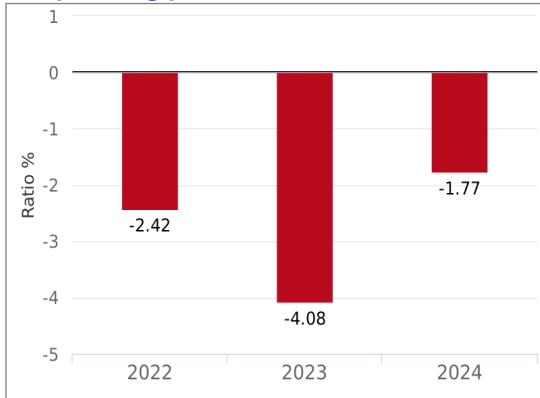
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## G Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2023/24 result

2023/24 ratio (1.77)%

Council's Operating Performance Ratio improved this year due to higher user pays revenue and containment of cost growth.

However, Council still did not achieve the Operating Performance Ratio benchmark of 0% as underlying expenditure is still in excess of revenues due to several years of high inflation.

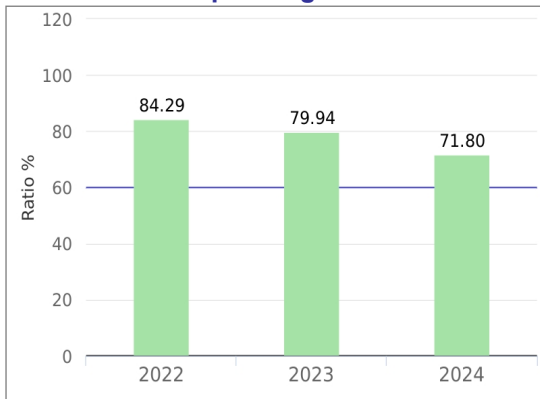
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2023/24 result

2023/24 ratio 71.80%

Despite an increase in total continuing operating revenue excluding all grants and contributions, Council recorded a lower Own Source Operating Revenue ratio this financial year. This is due to significantly higher developer contribution revenue.

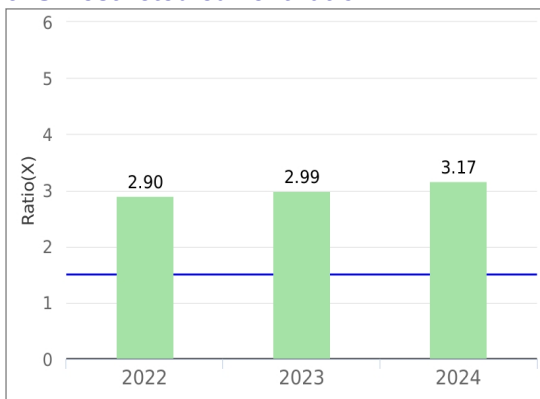
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2023/24 result

2023/24 ratio 3.17x

Council's Unrestricted Current Ratio increased slightly this year due to a reduction in current liabilities to be settled within the next 12 months.

As at 30 June 2024, Council's Unrestricted Current Ratio is more than double the 1.5% benchmark. This confirms Council is in a solvent financial position.

Benchmark: — > 1.50x

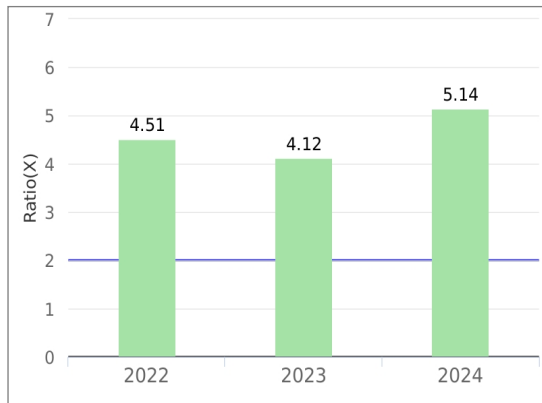
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2023/24 result**

**2023/24 ratio 5.14x**

Council's Debt Service Cover ratio improved this year due to an improved Operating Result.

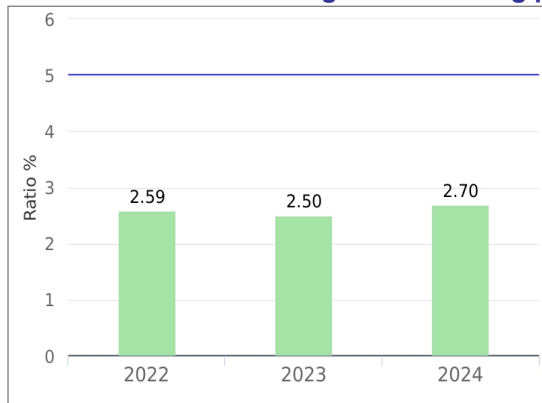
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2023/24 result**

**2023/24 ratio 2.70%**

Council's Rates and Annual Charges Outstanding percentage increased slightly this financial year but is still performing well ahead of both the OLG benchmark and other councils.

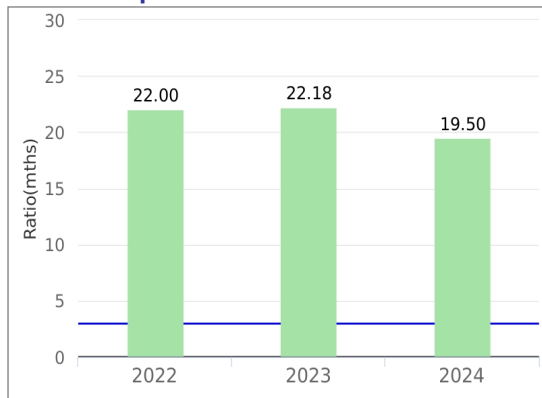
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2023/24 result**

**2023/24 ratio 19.50 months**

Council's Cash Expense Cover Ratio dropped slightly this year due to slightly lower cash balances and moderate increases in expenses.

This ratio does not distinguish between restricted and unrestricted cash and it should be noted that a significant proportion of Council's cash (91%) is subject to external or internal restrictions.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## G1-2 Council information and contact details

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**Principal place of business:**

31 Victor Street  
Chatswood NSW 2067

**Contact details**

**Mailing Address:**

PO Box 57  
Chatswood NSW 2057

**Telephone:** 02 9777 1000

**Facsimile:** 02 9411 8309

**Opening hours:**

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

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

**Email:** [email@willoughby.nsw.gov.au](mailto:email@willoughby.nsw.gov.au)

**Officers**

**General Manager**

Hugh Phemister

**Responsible Accounting Officer**

Stephen Naven

**Public Officer**

Samantha Connor

**Auditors**

Audit Office of NSW  
Level 19, Tower 2 Darling Park,  
201 Sussex Street,  
Sydney NSW 2000

**Elected members**

**Mayor**

Tanya Taylor

**Councillors**

John Moratelli  
Roy McCullagh  
Sarah Royds  
Craig Campbell  
Andrew Nelson  
Michelle Chuang  
Robert Samuel  
Angelo Rozos  
Kristina Dodds  
Georgie Roussac  
Anna Greco  
Nic Wright

**Other information**

**ABN:** 47 974 826 099



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Willoughby City Council**

To the Councillors of Willoughby City Council

## Opinion

I have audited the accompanying financial statements of Willoughby City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

## Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Somaiya Ahmed  
Delegate of the Auditor-General for New South Wales

29 October 2024  
SYDNEY



Cr Tanya Taylor  
 Mayor  
 Willoughby City Council  
 Level 4, 31 Victor Street  
 CHATSWOOD NSW 2067

Contact: Somaiya Ahmed  
 Phone no: 02 9275 7424  
 Our ref: R008-2124742775-8287

29 October 2024

Dear Mayor

**Report on the Conduct of the Audit  
 for the year ended 30 June 2024  
 Willoughby City Council**

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	73.5	69.7	↑ 5.5
Grants and contributions revenue	48.7	27.4	↑ 77.5
Operating result from continuing operations	44.7	15.0	↑ 197.3
Net operating result before capital grants and contributions	3.1	(2.8)	↑ 208.8



Rates and annual charges revenue (\$73.5 million) increased by \$3.9 million (5.5 per cent) in 2023–24 mainly due to rate peg increase of 3.7 per cent and an increase in domestic waste management charges levied.

Grants and contributions revenue (\$48.7 million) increased by \$21.3 million (77.5 per cent) in 2023–24 due to:

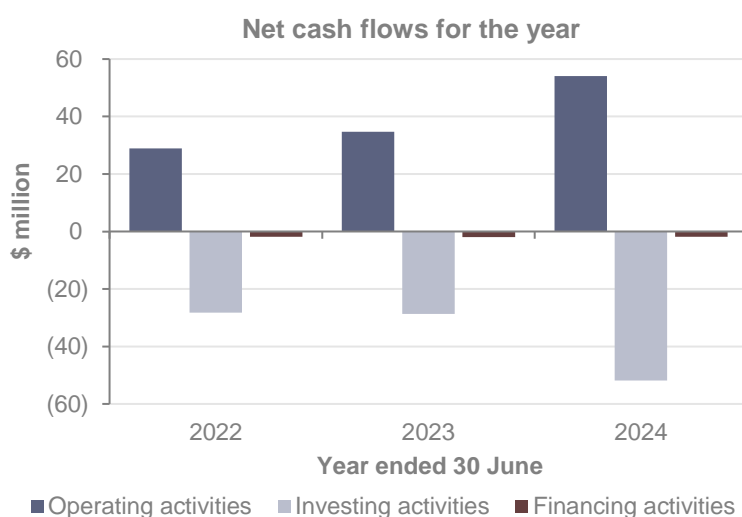
- increase of \$18.6 million of developer contributions recognised during the year
- increase of \$2.7 million of grants recognised received for infrastructure (roads, bridges and street light).

Council’s operating result from continuing operations (\$44.7 million including depreciation, amortisation and impairment expense of \$20.8 million) was \$29.6 million higher than the 2022–23 result. This was mainly due to the increase in capital grants of \$23.7 million.

The net operating result before capital grants and contributions (\$3.1 million) was \$5.9 million higher than the 2022–23 result.

## STATEMENT OF CASH FLOWS

- Operating cash inflows increased \$19.4 million this year mainly due to increased receipts from grants and contributions, interest received and other income offset by higher payments to employees.
- Cash outflows in investing activities increased \$23.2 million mainly due to increase in payments for IPPE offset by receipts from redemption of term deposits and sale of IPPE.
- Cash flows from financing activities have remained largely consistent over the last three years and are insignificant.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>198.1</b>	<b>200.6</b>	Externally restricted balances comprise mainly of developer contributions, affordable housing funds and domestic waste management 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	122.0	120.3	External restricted funds included developer contributions of \$84 million, affordable housing funds of \$16.9 million and domestic waste management funds of \$13.4 million
• Internal allocations	57.8	64.8	

Internal restricted funds decreased by \$7 million in 2023-24 mainly due to \$6.4 million funds expended for the Victor Street property redevelopment.

## Debt

At 30 June 2024, Council had:

- \$36.5 million in secured loans (\$37.1 million in 2022-23)
- \$1.2 million in approved overdraft facility with nil drawn down
- \$100,000 in credit card facility with \$3,000 used.

## PERFORMANCE

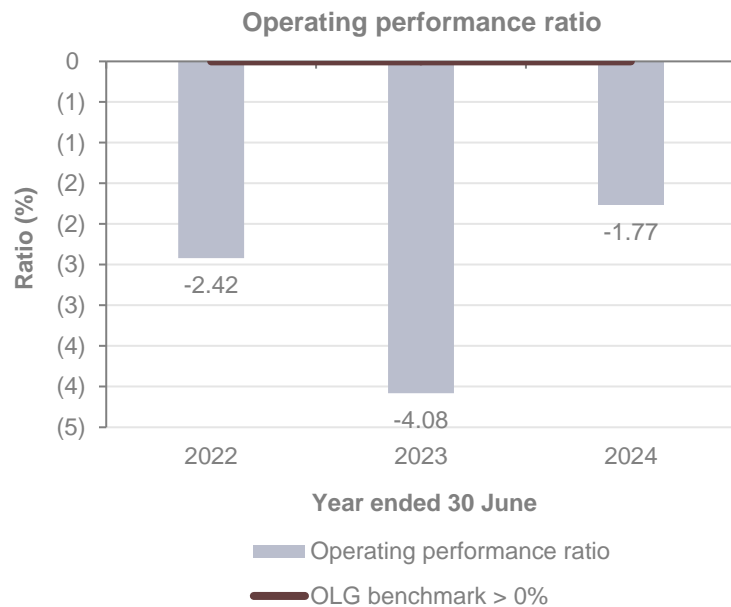
### Performance measures

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

### Operating performance ratio

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

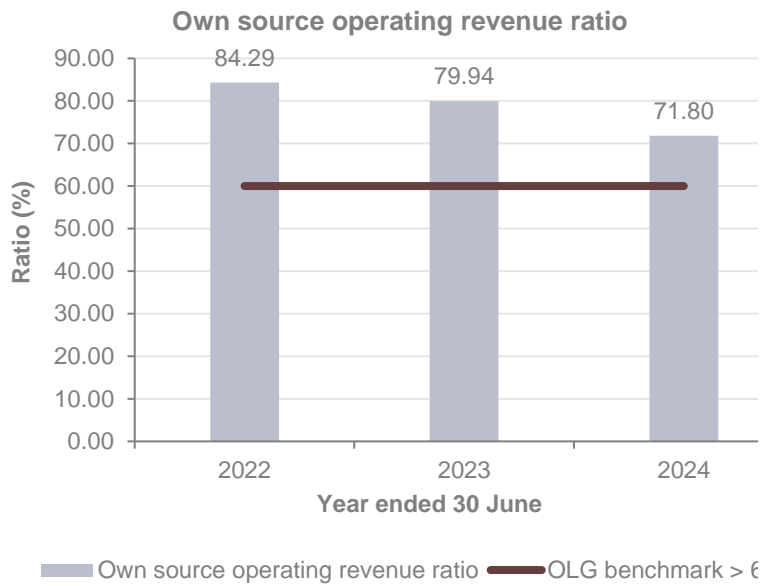
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

Council exceeded the benchmark for the current reporting period.

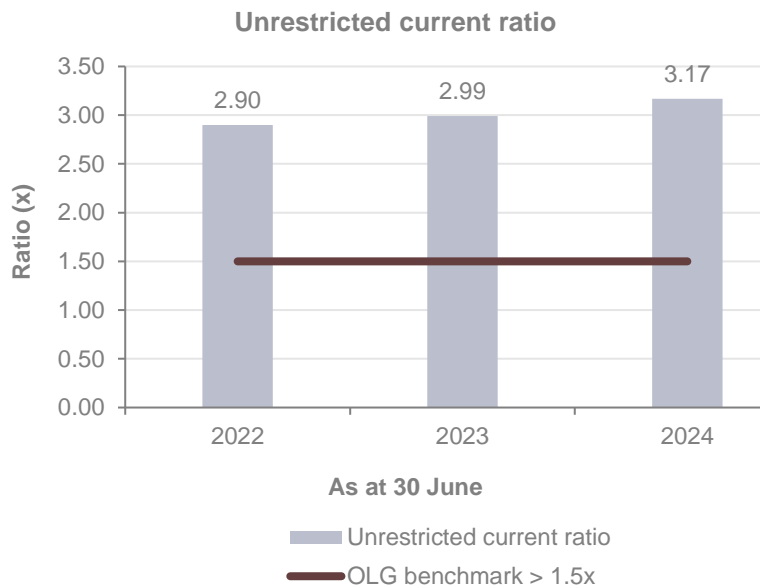
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

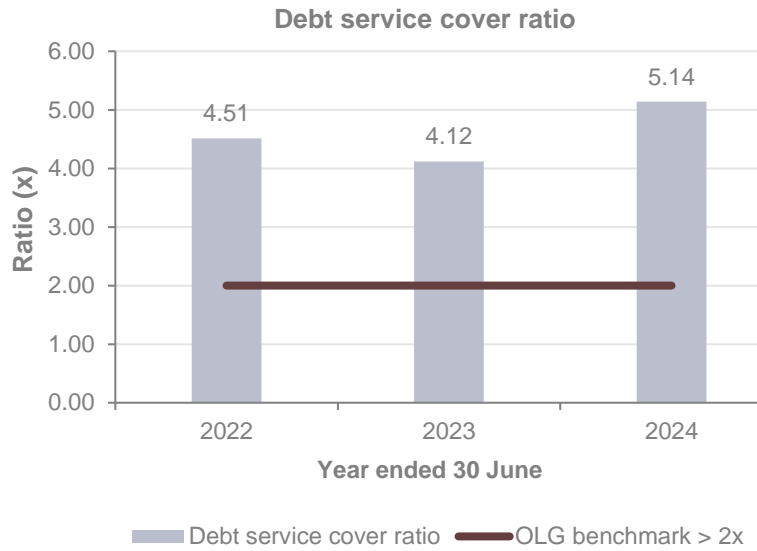
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

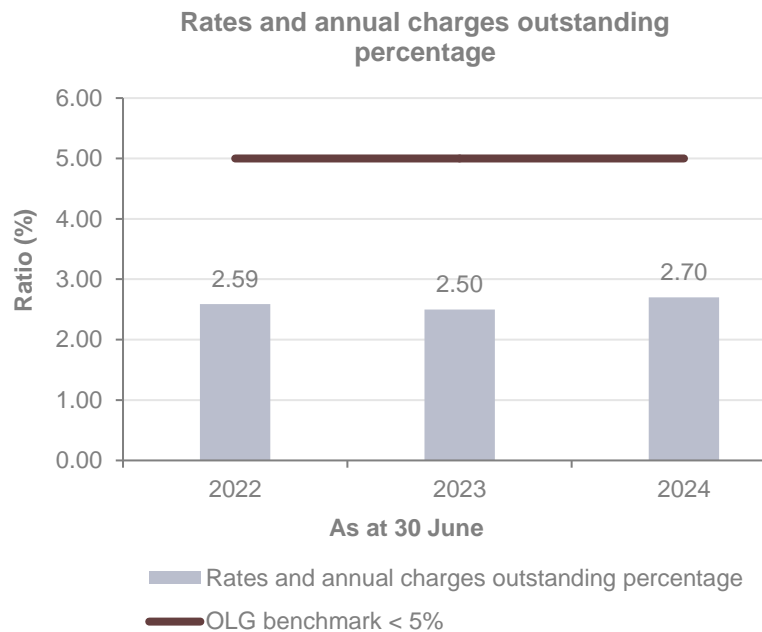
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

Council exceeded the benchmark for the current reporting period.

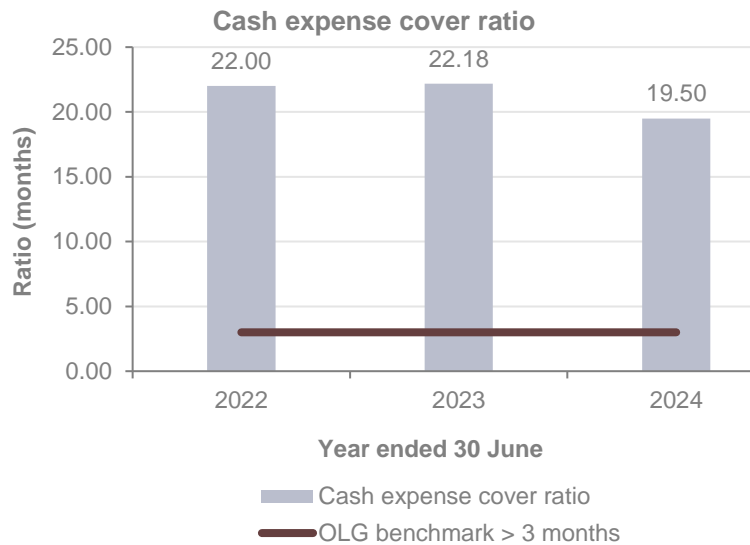
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

Council exceeded 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 \$11.7 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, footpaths and stormwater drainage assets. A further \$48.2 million was spent on new assets mainly comprising of \$24.3 million in capital work in progress additions and \$13.2 million in affordable housing assets dedicated to Council.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

Somaiya Ahmed  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Willoughby City Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

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WILLOUGHBY CITY COUNCIL

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### Background

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

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

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

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

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

## Willoughby City Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Regulatory and assurance framework for local water utilities, July 2022

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

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

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

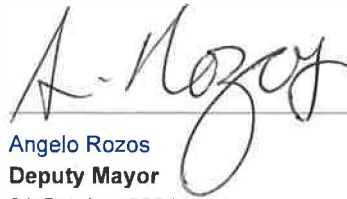
Signed in accordance with a resolution of Council made on 21/10/2024.



Tanya Taylor

**Mayor**


21 October 2024



Angelo Rozos

**Deputy Mayor**

21 October 2024



Hugh Phemister

**General Manager**

21 October 2024



Stephen Naven

**Chief Financial Officer**

21 October 2024



## Willoughby City Council

### Income Statement of The Concourse Precinct

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
Fees	1,959	2,876
Interest and investment income	436	207
Grants and contributions provided for operating purposes	–	290
Other income	6,666	4,812
<b>Total income from continuing operations</b>	<b>9,061</b>	<b>8,185</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	102	2,243
Borrowing costs	598	2,205
Materials and services	1,718	1,027
Depreciation, amortisation and impairment	2,926	4,148
Other expenses	2,712	3,756
<b>Total expenses from continuing operations</b>	<b>8,056</b>	<b>13,379</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,005</b>	<b>(5,194)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,005</b>	<b>(5,194)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(251)	–
<b>Surplus (deficit)</b>	<b>754</b>	<b>(5,194)</b>
<b>Plus accumulated surplus</b>	<b>276,179</b>	<b>274,482</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	251	–
<b>Add:</b>		
– Subsidy paid/contribution to operations	(49,074)	6,891
<b>Closing accumulated surplus</b>	<b>228,110</b>	<b>276,179</b>
Return on capital %	<b>0.6%</b>	<b>(0.9)%</b>

## Willoughby City Council

### Income Statement of Willoughby Leisure Centre

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
Grants & contributions provided for non capital purposes	–	–
Fees	860	1,317
<b>Total income from continuing operations <sup>1</sup></b>	<b>860</b>	<b>1,317</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,030	1,538
Materials and services	150	197
Depreciation, amortisation and impairment	225	191
Other expenses	733	913
<b>Total expenses from continuing operations</b>	<b>2,138</b>	<b>2,839</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,278)</b>	<b>(1,522)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,278)</b>	<b>(1,522)</b>
<b>Surplus (deficit)</b>	<b>(1,278)</b>	<b>(1,522)</b>
<b>Plus accumulated surplus</b>	<b>(7,474)</b>	<b>(5,952)</b>
<b>Closing accumulated surplus</b>	<b>(8,752)</b>	<b>(7,474)</b>
Return on capital %	<b>(4.0)%</b>	<b>(16.0)%</b>

## Willoughby City Council

### Income Statement of Devonshire Child Care

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>Income from continuing operations</b>		
Fees	825	1,146
Grants and contributions provided for operating purposes	863	832
<b>Total income from continuing operations</b>	<b>1,688</b>	<b>1,978</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,612	1,679
Materials and services	168	144
Depreciation, amortisation and impairment	33	26
Other expenses	387	389
<b>Total expenses from continuing operations</b>	<b>2,200</b>	<b>2,238</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(512)</b>	<b>(260)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(512)</b>	<b>(260)</b>
<b>Surplus (deficit)</b>	<b>(512)</b>	<b>(260)</b>
<b>Plus accumulated surplus</b>	<b>(4,225)</b>	<b>(3,965)</b>
<b>Closing accumulated surplus</b>	<b>(4,737)</b>	<b>(4,225)</b>

## Willoughby City Council

### Income Statement of Before/After School Care

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>Income from continuing operations</b>		
Fees	286	381
Grants and contributions provided for operating purposes	270	241
<b>Total income from continuing operations</b>	<b>556</b>	<b>622</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	438	490
Materials and services	70	73
Other expenses	177	157
<b>Total expenses from continuing operations</b>	<b>685</b>	<b>720</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(129)</b>	<b>(98)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(129)</b>	<b>(98)</b>
<b>Surplus (deficit)</b>	<b>(129)</b>	<b>(98)</b>
<b>Plus accumulated surplus</b>	<b>2,215</b>	2,313
<b>Closing accumulated surplus</b>	<b>2,086</b>	2,215

## Willoughby City Council

### Income Statement of Dougherty Food Services

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>Income from continuing operations</b>		
Fees	148	156
Other income	169	143
<b>Total income from continuing operations</b>	<b>317</b>	<b>299</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	266	257
Materials and services	116	111
Depreciation, amortisation and impairment	23	21
Other expenses	65	62
<b>Total expenses from continuing operations</b>	<b>470</b>	<b>451</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(153)</b>	<b>(152)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(153)</b>	<b>(152)</b>
<b>Surplus (deficit)</b>	<b>(153)</b>	<b>(152)</b>
<b>Plus accumulated surplus</b>	<b>(2,515)</b>	<b>(2,363)</b>
<b>Closing accumulated surplus</b>	<b>(2,668)</b>	<b>(2,515)</b>

## Willoughby City Council

### Statement of Financial Position of The Concourse Precinct

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	269	191
Investments	9,958	9,289
<b>Total current assets</b>	<b>10,227</b>	<b>9,480</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	247,748	325,399
Investment property	62,829	58,977
<b>Total non-current assets</b>	<b>310,577</b>	<b>384,376</b>
<b>Total assets</b>	<b>320,804</b>	<b>393,856</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	16	108
Borrowings	1,029	1,205
Employee benefit provisions	29	646
<b>Total current liabilities</b>	<b>1,074</b>	<b>1,959</b>
<b>Non-current liabilities</b>		
Borrowings	27,525	35,878
Employee benefit provisions	1	12
<b>Total non-current liabilities</b>	<b>27,526</b>	<b>35,890</b>
<b>Total liabilities</b>	<b>28,600</b>	<b>37,849</b>
<b>Net assets</b>	<b>292,204</b>	<b>356,007</b>
<b>EQUITY</b>		
Retained Earnings Surplus	28,289	(24,376)
Revaluation reserves	64,096	79,828
Council Equity Contribution	199,819	300,555
<b>Total equity</b>	<b>292,204</b>	<b>356,007</b>

## Willoughby City Council

### Statement of Financial Position of Willoughby Leisure Centre

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	31,869	9,509
<b>Total non-current assets</b>	<b>31,869</b>	<b>9,509</b>
<b>Total assets <sup>(1)</sup></b>	<b>31,869</b>	<b>9,509</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	87	77
Payables	142	24
<b>Total current liabilities</b>	<b>229</b>	<b>101</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	2	16
<b>Total non-current liabilities</b>	<b>2</b>	<b>16</b>
<b>Total liabilities</b>	<b>231</b>	<b>117</b>
<b>Net assets</b>	<b>31,638</b>	<b>9,392</b>
<b>EQUITY</b>		
Asset Revaluation Reserve	4,097	3,280
Accumulated surplus	(8,752)	(7,474)
Council Equity Contribution	36,293	13,586
<b>Total equity</b>	<b>31,638</b>	<b>9,392</b>

<sup>(1)</sup>The increase in asset values for the Willoughby Leisure Centre from \$9.5 million in 2023 to \$31.9 million in 2024 is due to the inclusion of \$21.5 million of Work In Progress in the 2024 asset total arising from the in-progress redevelopment of the Leisure Centre

## Willoughby City Council

### Statement of Financial Position of Devonshire Child Care

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,364	1,126
<b>Total non-current assets</b>	<b>1,364</b>	<b>1,126</b>
<b>Total assets</b>	<b>1,364</b>	<b>1,126</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	17	17
Employee benefit provisions	343	359
<b>Total current liabilities</b>	<b>360</b>	<b>376</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	30	18
<b>Total non-current liabilities</b>	<b>30</b>	<b>18</b>
<b>Total liabilities</b>	<b>390</b>	<b>394</b>
<b>Net assets</b>	<b>974</b>	<b>732</b>
<b>EQUITY</b>		
Asset Revaluation Reserve	93	(211)
Accumulated Surplus/(Deficit)	(4,737)	(4,225)
Council Equity Contribution	5,618	5,168
<b>Total equity</b>	<b>974</b>	<b>732</b>



## Willoughby City Council

### Statement of Financial Position of Before/After School Care

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1	9
Employee benefit provisions	84	132
<b>Total current liabilities</b>	<b>85</b>	<b>141</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	6	18
<b>Total non-current liabilities</b>	<b>6</b>	<b>18</b>
<b>Total liabilities</b>	<b>91</b>	<b>159</b>
<b>Net assets</b>	<b>(91)</b>	<b>(159)</b>
<b>EQUITY</b>		
Accumulated surplus	2,086	2,215
Council Equity Contribution	(2,177)	(2,374)
<b>Total equity</b>	<b>(91)</b>	<b>(159)</b>

## Willoughby City Council

## Statement of Financial Position of Dougherty Food Services

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	4,403	4,398
<b>Total non-current assets</b>	<b>4,403</b>	<b>4,398</b>
<b>Total assets</b>	<b>4,403</b>	<b>4,398</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	–	13
Employee benefit provisions	51	42
<b>Total current liabilities</b>	<b>51</b>	<b>55</b>
<b>Non-current liabilities</b>		
Employee benefit provision	6	3
<b>Total non-current liabilities</b>	<b>6</b>	<b>3</b>
<b>Total liabilities</b>	<b>57</b>	<b>58</b>
<b>Net assets</b>	<b>4,346</b>	<b>4,340</b>
<b>EQUITY</b>		
Accumulated Surplus/(Deficit)	(2,669)	(2,516)
Revaluation reserves	1,437	1,261
Council Equity Contribution	5,578	5,595
<b>Total equity</b>	<b>4,346</b>	<b>4,340</b>

## Note – Material accounting policy information

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. The Concourse Precinct

Provision of the Chatswood management of the venue, facilities, car park, retail, urban screen and the art space at the site.

#### Income Statement

The 2024 Income Statement for The Concourse excludes Library Services income and expenditure (and thus represents the Income Statement for The Concourse Precinct excluding Library Services).

This treatment commenced for the 2024 Financial Year on the basis that inclusion of the library in The Concourse Special Purpose Financial Statements is not consistent with the intent of the NSW Government's Policy Statement *Application of National Competition Policy to Local Government*. This Policy Statement defines "Business Activities" as likely to be subject to competition. Library operations are not subject to competition.

In addition, for users of the financial statements, inclusion of the library impedes interpretation of the commercial performance of The Concourse Precinct.

2023 Comparatives have not been restated and include Library Services. These comparatives are as published and audited in the 2023 financial year.

#### Balance Sheet

The 2024 Statement of Financial Position (Balance Sheet) for The Concourse excludes Assets, Liabilities and Equity attributable to Library Services (and thus represents the Balance Sheet for The Concourse Precinct excluding Library Services).

This treatment commenced for the 2024 Financial Year on the basis that inclusion of the library in The Concourse Special Purpose Financial Statements is not consistent with the intent of the NSW Government's Policy Statement *Application of*

## Note – Material accounting policy information (continued)

*National Competition Policy to Local Government.* This Policy Statement defines “Business Activities” as likely to be subject to competition. Library operations are not subject to competition.

In addition, for users of the financial statements, inclusion of the library impedes interpretation of the commercial performance of The Concourse Precinct.

2023 Comparatives have not been restated and include Library Services. These comparatives are as published and audited in the 2023 financial year.

### b. Willoughby Leisure Centre

Provision of leisure facilities including a Gymnasium & Pool.

### Category 2

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

### c. Devonshire Street Child Care Centre

Provision of long day child care services for up to 50 places at its premises situated at 38 Devonshire St, Chatswood, from 7.30am to 6.00pm.

### d. Before/After School Care/Vacation Care

Provision of Before & After School care for children at the following centres:

- Artarmon (BSC & ASC)
- Chatswood (ASC)
- Bales Park (ASC)

Before school care hours are from 7.30am to 9.00am and after school care hours are from 3.00pm to 6.00pm.

In addition, Council in conjunction with the State Government operates Vacation Care services at the following centres during school holidays:

- Artarmon Vacation Care Centre
- Bales Park Vacation Care Centre
- Chatswood Vacation Care Centre

### e. Dougherty Food Services

Commercial food kitchen that supplies meals on a contract basis to a number of organistations as well as catering for functions and the operation of a coffee shop.

## Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council’s non-business activities):

### Notional rate applied (%)

Corporate income tax rate – **25%**

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

## Note – Material accounting policy information (continued)

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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

The rate of return is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

#### (iii) Dividends

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Willoughby City Council

To the Councillors of Willoughby City Council

### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Willoughby City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- The Concourse Precinct
- Willoughby Leisure Centre
- Devonshire Child Care
- Before/After School Care
- Dougherty Food Services.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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 the 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.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the Material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

### **Other Information**

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Somaiya', written in a cursive style.

Somaiya Ahmed  
Delegate of the Auditor-General for New South Wales

29 October 2024  
SYDNEY



# Willoughby City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

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WILLOUGHBY CITY COUNCIL

# Willoughby City Council

## Special Schedules

for the year ended 30 June 2024

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#### **Special Schedules:**

Permissible income for general rates 3

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# Willoughby City Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	52,403	54,352
Plus or minus adjustments <sup>2</sup>	b	11	(115)
<b>Notional general income</b>	c = a + b	<b>52,414</b>	<b>54,237</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.70%	15.00%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	1,939	8,136
<b>Sub-total</b>	g = (c + e + f)	<b>54,353</b>	<b>62,373</b>
Plus (or minus) last year's carry forward total	h	-	1
<b>Sub-total</b>	j = (h + i)	<b>-</b>	<b>1</b>
<b>Total permissible income</b>	k = g + j	<b>54,353</b>	<b>62,374</b>
Less notional general income yield	l	54,352	62,402
<b>Catch-up or (excess) result</b>	m = k - l	<b>1</b>	<b>(28)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	n	-	6
<b>Carry forward to next year <sup>6</sup></b>	p = m + n + o	<b>1</b>	<b>(22)</b>

### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Willoughby City Council

To the Councillors of Willoughby City Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Willoughby City Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Somaiya', written over a faint, light-colored rectangular stamp or watermark.

Somaiya Ahmed  
Delegate of the Auditor-General for New South Wales

29 October 2024  
SYDNEY

# Willoughby City Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Council offices	–	–	68	71	7,773	8,672	96.3%	3.7%	0.0%	0.0%	0.0%
	Council Works Depot	–	–	456	473	27,160	32,110	59.2%	40.8%	0.0%	0.0%	0.0%
	Council Halls	36	36	111	115	1,242	2,270	0.0%	49.5%	47.9%	2.6%	0.0%
	Libraries	94	94	160	166	5,944	8,457	0.6%	20.3%	77.5%	1.6%	0.0%
	Council Houses	54	54	560	582	39,766	39,766	91.1%	7.0%	1.8%	0.1%	0.0%
	Commercial Buildings	3,388	3,388	1,612	1,671	75,918	109,174	1.0%	95.3%	3.6%	0.1%	0.0%
	Childcare Centres	112	112	180	186	8,777	13,643	0.0%	86.1%	12.6%	1.3%	0.0%
	Community Centres	1,080	1,080	3,372	3,498	207,356	256,660	0.9%	60.4%	29.3%	9.5%	0.1%
	Amenities/Toilets	402	402	328	340	10,342	15,627	1.6%	29.2%	64.5%	4.3%	0.4%
	Other	–	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>5,166</b>	<b>5,166</b>	<b>6,847</b>	<b>7,102</b>	<b>384,278</b>	<b>486,379</b>	<b>13.8%</b>	<b>60.5%</b>	<b>20.4%</b>	<b>5.2%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	–	–	–	–	7,682	11,796	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,682</b>	<b>11,796</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	4,171	4,171	3,696	3,696	122,299	240,675	5.0%	10.0%	68.0%	13.0%	4.0%
	Kerb and Gutter	402	402	213	213	94,281	115,036	27.0%	43.0%	15.0%	14.0%	1.0%
	Footpaths	408	408	1,442	1,442	79,325	102,165	41.0%	21.0%	24.0%	13.0%	1.0%
	Carparks	40	40	35	35	7,320	10,203	7.0%	13.0%	42.0%	37.0%	1.0%
	Bridges	–	–	72	72	16,225	23,583	0.0%	66.0%	27.0%	7.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk Earthworks	–	–	–	–	25,901	25,901	0.0%	0.0%	100.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
		<b>Sub-total</b>	<b>5,021</b>	<b>5,021</b>	<b>5,458</b>	<b>5,458</b>	<b>345,351</b>	<b>517,563</b>	<b>16.6%</b>	<b>21.6%</b>	<b>46.8%</b>	<b>12.8%</b>
<b>Stormwater drainage</b>	Pipes and Pits	3,271	3,271	518	518	141,158	180,348	14.7%	19.5%	51.1%	10.2%	4.5%
	Gross Pollutant Traps	–	–	248	248	4,433	4,991	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>3,271</b>	<b>3,271</b>	<b>766</b>	<b>766</b>	<b>145,474</b>	<b>185,339</b>	<b>17.0%</b>	<b>18.9%</b>	<b>49.7%</b>	<b>9.9%</b>	<b>4.5%</b>

# Willoughby City Council

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

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Open space / recreational assets</b>	Swimming pools	–	–	90	49	4,030	6,385	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	–	–	44	44	312	312	100.0%	0.0%	0.0%	0.0%	0.0%
	Parks & Playgrounds (Incl Footpaths)	205	205	1,734	1,734	29,377	46,577	24.0%	26.0%	48.0%	2.0%	0.0%
	Sporting Fields	540	540	1,550	1,550	15,727	31,512	62.0%	21.0%	11.0%	3.0%	3.0%
	Bushland Assets	22	22	137	137	1,408	2,195	24.0%	9.0%	61.0%	6.0%	0.0%
	Tennis Courts	384	384	–	–	2,240	5,523	8.0%	41.0%	27.0%	13.0%	11.0%
	<b>Sub-total</b>		<b>1,151</b>	<b>1,151</b>	<b>3,555</b>	<b>3,514</b>	<b>53,094</b>	<b>92,504</b>	<b>34.6%</b>	<b>29.8%</b>	<b>31.0%</b>	<b>2.9%</b>
<b>Other infrastructure assets</b>	Other – Retaining Walls	178	178	25	25	16,022	28,391	5.9%	7.0%	72.8%	12.8%	1.6%
	<b>Sub-total</b>	<b>178</b>	<b>178</b>	<b>25</b>	<b>25</b>	<b>15,883</b>	<b>28,391</b>	<b>5.9%</b>	<b>7.0%</b>	<b>72.8%</b>	<b>12.8%</b>	<b>1.5%</b>
<b>Total – all assets</b>		<b>14,787</b>	<b>14,787</b>	<b>16,651</b>	<b>16,865</b>	<b>951,762</b>	<b>1,321,972</b>	<b>16.5%</b>	<b>35.6%</b>	<b>36.5%</b>	<b>8.8%</b>	<b>2.6%</b>

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

### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required



# Willoughby City Council

## Report on infrastructure assets as at 30 June 2024

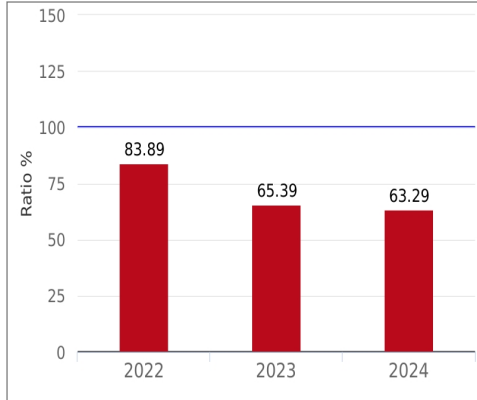
### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>11,653</b>	<b>63.29%</b>	65.39%	83.89%	> 100.00%
Depreciation, amortisation and impairment	<b>18,412</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>14,787</b>	<b>1.49%</b>	1.19%	0.58%	< 2.00%
Net carrying amount of infrastructure assets	<b>991,452</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>16,865</b>	<b>101.29%</b>	103.39%	103.00%	> 100.00%
Required asset maintenance	<b>16,651</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>14,787</b>	<b>1.12%</b>	0.89%	0.45%	
Gross replacement cost	<b>1,321,972</b>				

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

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

**Buildings and infrastructure renewals ratio**



**Buildings and infrastructure renewals ratio**

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

Commentary on result	
23/24 ratio	63.29%
The Building and infrastructure Renewal Ratio dropped to 63% this year due to higher depreciation which increased by \$850K. Capital expenditure on renewals was slightly (\$169k) higher than prior year but this was more than cancelled out by higher depreciation.	

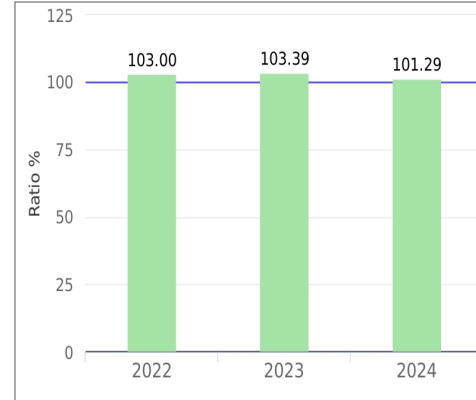
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

**Asset maintenance ratio**



**Asset maintenance ratio**

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

Commentary on result	
23/24 ratio	101.29%
Council has exceeded the Asset Maintenance Ratio Benchmark of 100%.	

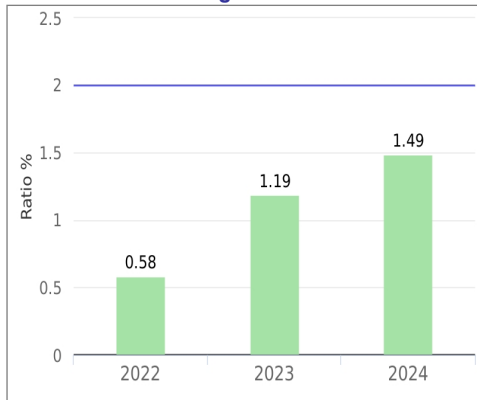
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

**Infrastructure backlog ratio**



**Infrastructure backlog ratio**

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

Commentary on result	
23/24 ratio	1.49%
Council's Infrastructure Backlog Ratio continued to satisfy the Infrastructure Backlog Ratio benchmark but increased to 1.49% of Asset fair value this year. The increase is mainly due to more analysis and more accurate data on conditions of Council's buildings.	

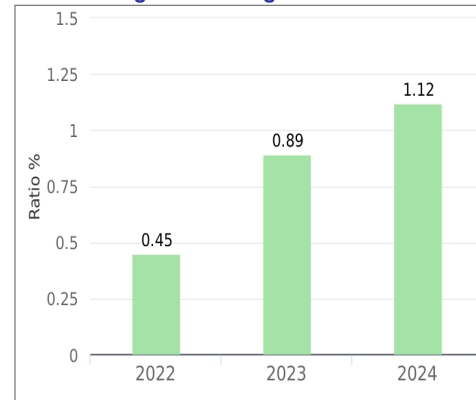
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

**Cost to bring assets to agreed service level**



**Cost to bring assets to agreed service level**

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

Commentary on result	
23/24 ratio	1.12%
The Cost to bring assets to agreed service level increased to 1.12% of Asset Replacement Cost this year due increased/deteriorated on the prior year as a result of more analysis and more accurate data on conditions of Council's buildings.	