

Hawkesbury City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

Hawkesbury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Building a Hawkesbury that's loved by its people

Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

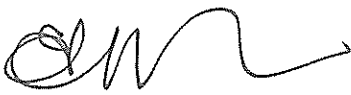
Signed in accordance with a resolution of Council made on 15 October 2024.



Les Sheather
Mayor
15 October 2024



Sarah McMahon
Deputy Mayor
15 October 2024



Elizabeth Richardson
General Manager
15 October 2024



Vanessa Browning
Responsible Accounting Officer
15 October 2024

Hawkesbury City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Income from continuing operations				
76,696	Rates and annual charges	B2-1	77,168	71,566
9,162	User charges and fees	B2-2	9,858	7,587
1,874	Other revenues	B2-3	1,988	4,894
19,179	Grants and contributions provided for operating purposes	B2-4	62,429	51,474
30,509	Grants and contributions provided for capital purposes	B2-4	40,715	31,504
3,393	Interest and investment income	B2-5	4,443	2,705
3,307	Other income	B2-6	3,982	3,877
144,120	Total income from continuing operations		200,583	173,607
Expenses from continuing operations				
37,133	Employee benefits and on-costs	B3-1	37,623	37,358
37,584	Materials and services	B3-2	64,407	51,822
3,144	Borrowing costs	B3-3	2,992	1,851
24,622	Depreciation, amortisation and impairment of non-financial assets	B3-4	27,793	24,491
6,125	Other expenses	B3-5	7,806	6,600
–	Net loss from the disposal of assets	B4-1	5,352	4,395
108,608	Total expenses from continuing operations		145,973	126,517
35,512	Operating result from continuing operations		54,610	47,090
35,512	Net operating result for the year attributable to Council		54,610	47,090
Net operating result for the year before grants and contributions provided for capital purposes				
15,604			13,895	15,586

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

Hawkesbury City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Net operating result for the year – from Income Statement		54,610	47,090
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>2,532</u>	<u>123,735</u>
Total items which will not be reclassified subsequently to the operating result		2,532	123,735
Total other comprehensive income for the year		2,532	123,735
Total comprehensive income for the year attributable to Council		57,142	170,825

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

Hawkesbury City Council

Statement of Financial Position

as at 30 June 2024

	Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	36,363	18,138
Investments	C1-2	57,580	82,000
Receivables	C1-4	45,280	38,468
Inventories	C1-5	338	436
Other		1,731	1,270
Total current assets		141,292	140,312
Non-current assets			
Investments	C1-2	8,873	3,018
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,672,405	1,615,336
Investment property	C1-7	46,128	46,937
Intangible assets	C1-8	298	186
Right of use assets	C2-1	1,894	1,811
Total non-current assets		1,729,598	1,667,288
Total assets		1,870,890	1,807,600
LIABILITIES			
Current liabilities			
Payables	C3-1	21,342	20,550
Contract liabilities	C3-2	20,891	8,028
Lease liabilities	C2-1	308	544
Borrowings	C3-3	33,412	3,893
Employee benefit provisions	C3-4	10,023	10,370
Provisions	C3-5	812	3,634
Total current liabilities		86,788	47,019
Non-current liabilities			
Lease liabilities	C2-1	1,887	1,633
Borrowings	C3-3	25,473	58,592
Employee benefit provisions	C3-4	1,104	1,080
Provisions	C3-5	9,502	10,282
Total non-current liabilities		37,966	71,587
Total liabilities		124,754	118,606
Net assets		1,746,136	1,688,994
EQUITY			
Accumulated surplus	C4-1	626,280	571,670
IPPE revaluation reserve	C4-1	1,119,856	1,117,324
Council equity interest		1,746,136	1,688,994
Total equity		1,746,136	1,688,994

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

Hawkesbury City Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance		571,670	1,117,324	1,688,994	524,580	993,589	1,518,169
Net operating result for the year		54,610	–	54,610	47,090	–	47,090
Net operating result for the period		54,610	–	54,610	47,090	–	47,090
Other comprehensive income							
– Gain / (Loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	2,532	2,532	–	123,735	123,735
Other comprehensive income		–	2,532	2,532	–	123,735	123,735
Total comprehensive income		54,610	2,532	57,142	47,090	123,735	170,825
Closing balance at 30 June		626,280	1,119,856	1,746,136	571,670	1,117,324	1,688,994

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

Hawkesbury City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Actual 2024 \$ '000	Actual 2023 \$ '000
	Notes		
Cash flows from operating activities			
<i>Receipts:</i>			
76,696	Rates and annual charges	76,395	69,538
9,162	User charges and fees	7,641	8,252
3,128	Interest received	4,112	2,020
49,688	Grants and contributions	91,340	66,317
–	Bonds, deposits and retentions received	–	1,625
5,180	Other	19,269	12,565
<i>Payments:</i>			
(37,133)	Payments to employees	(37,948)	(33,995)
(37,584)	Payments for materials and services	(75,254)	(64,843)
(3,139)	Borrowing costs	(2,675)	(1,545)
–	Bonds, deposits and retentions refunded	(169)	–
(6,125)	Other	(11,490)	(5,788)
59,873	Net cash flows from operating activities	71,221	54,146
	G1-1		
Cash flows from investing activities			
<i>Receipts:</i>			
–	Redemption of term deposits	25,414	23,893
1,728	Proceeds from sale of IPPE	1,899	638
<i>Payments:</i>			
–	Purchase of investments	(4,930)	–
–	Acquisition of term deposits	(1,914)	(46,393)
–	Purchase of investment property	(755)	(96)
(62,024)	Payments for IPPE	(68,171)	(80,672)
–	Purchase of intangible assets	(209)	(186)
(60,296)	Net cash flows from investing activities	(48,666)	(102,816)
Cash flows from financing activities			
<i>Receipts:</i>			
7,000	Proceeds from borrowings	–	49,500
<i>Payments:</i>			
(3,931)	Repayment of borrowings	(3,600)	(3,338)
–	Principal component of lease payments	(730)	(683)
3,069	Net cash flows from financing activities	(4,330)	45,479
2,646	Net change in cash and cash equivalents	18,225	(3,191)
63,322	Cash and cash equivalents at beginning of year	18,138	21,329
65,968	Cash and cash equivalents at end of year	36,363	18,138
	C1-1		

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

Hawkesbury City Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. fair values of investment property – refer Note C1-7
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

A1-1 Basis of preparation (continued)

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.

(iii) Determination of 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.

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

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

- General purpose operations
- Sewerage service
- Hawkesbury Sports Council Incorporated

The Trust Fund

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

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

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

Volunteer services

Council benefits from the input of volunteers, in relation to the operation of the Hawkesbury Regional Gallery, Hawkesbury Regional Museum, the Hawkesbury Regional Library, the Richmond Library and the Hawkesbury Companion Animal Shelter. While these services are highly valued by Council, the enhanced service level provided by the volunteers, would not be provided without their donated time. Council can not reliably measure the financial value of volunteer services and are not included within the Income Statement.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

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

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

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses

A1-1 Basis of preparation (continued)

(c) use of assumptions

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

Council is currently assessing the impact of the changes to this standard for 2024-2025.

- **AASB 18 Amendments to Australian Accounting Standards – Presentation and Disclosure in Financial Statements**

AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the “management-defined performance measure” to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

When the standard is first adopted for the year ending 30 June 2028, there will be impacts on the presentation of the financial statements.

A1-1 Basis of preparation (continued)

New accounting standards adopted during the year

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

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

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Functions or activities										
Governance	18	193	449	454	(431)	(261)	–	180	131	276
Administration	54,347	51,654	12,399	13,361	41,948	38,293	2,842	4,084	145,610	147,558
Public Order and Safety	10,697	30,708	8,828	16,531	1,869	14,177	9,136	26,001	31,470	30,160
Health	520	538	1,024	1,018	(504)	(480)	–	–	–	–
Community Services and Education	311	399	1,019	1,171	(708)	(772)	191	303	52	79
Housing and Community Amenities	35,284	38,861	26,405	24,518	8,879	14,343	11,852	17,815	229,900	243,791
Sewerage Services	15,220	12,920	15,900	20,132	(680)	(7,212)	1,901	957	168,211	151,732
Recreation and Culture	14,449	2,946	19,956	17,876	(5,507)	(14,930)	14,909	1,765	244,543	216,787
Transport and Communications	67,123	30,580	56,485	28,818	10,638	1,762	62,311	30,118	965,342	983,247
Economic Affairs	2,614	4,808	3,508	2,638	(894)	2,170	2	1,755	42,110	33,970
Other	–	–	–	–	–	–	–	–	43,521	–
Total functions and activities	200,583	173,607	145,973	126,517	54,610	47,090	103,144	82,978	1,870,890	1,807,600

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure and legislative compliance.

Administration

Corporate support and other support services (not otherwise attributed to listed functions / activities).

Public Order and Safety

Fire protection, animal control, enforcement of local government regulations and emergency services.

Health

Health inspections, sewerage management facilities programs and food safety programs.

Community Services and Education

Youth services, aged and disabled services, Indigenous services, other community services and education programs.

Housing and Community Amenities

Housing, town planning, street lighting, other sanitation and garbage, public conveniences, asset planning, development control, stormwater, other community amenities.

Sewerage Services

Provision of reticulated sewer, recycled water system, sullage services, trade waste.

Recreation and Culture

Public libraries, museums, art galleries, community centres, public halls, other cultural services, events programs, heritage programs, cemeteries, swimming pools, sporting grounds, parks and gardens, and other sport and recreation.

Transport and Communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, ferry, carparking areas and bus shelters.

Economic Affairs

Tourism and area promotion, local business programs, economic development programs and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

	2024 Actual \$ '000	2023 Actual \$ '000
Ordinary rates		
Residential	40,288	38,171
Farmland	1,789	1,723
Business	4,836	4,631
Less: pensioner rebates (mandatory)	(573)	(573)
Rates levied to ratepayers	46,340	43,952
Pensioner rate subsidies received	314	310
Total ordinary rates	46,654	44,262
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	16,885	15,195
Stormwater management services	647	566
Sewerage services	9,742	8,412
Waste management services (non-domestic)	1,643	1,499
Section 611 charges	17	18
Less: pensioner rebates (mandatory)	(303)	(287)
Less: pensioner rebates (Council policy)	(501)	(415)
Sullage	2,218	2,161
Annual charges levied	30,348	27,149
Pensioner annual charges subsidies received:		
– Sewerage	40	38
– Domestic waste management	126	117
Total annual charges	30,514	27,304
Total rates and annual charges	77,168	71,566

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

B2-2 User charges and fees

	Timing	2024 Actual \$ '000	2023 Actual \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Sewerage services	2	1,111	1,109
Sullage	2	385	403
Total specific user charges		1,496	1,512
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	34	16
Planning and building regulation	2	2,042	2,085
Regulatory/ statutory fees	2	333	395
Section 10.7 certificates (EP&A Act)	2	308	275
Section 603 certificates	2	128	99
SMF inspection fees	2	197	218
Total fees and charges – statutory/regulatory		3,042	3,088
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	316	363
Park rents	2	180	97
Restoration charges	2	2,481	302
Swimming centre	2	276	255
Animal shelter income	2	897	935
Library, museum and gallery income	2	85	76
Waste management facility	2	987	884
Other	2	98	75
Total fees and charges – other		5,320	2,987
Total other user charges and fees		8,362	6,075
Total user charges and fees		9,858	7,587
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		9,858	7,587
Total user charges and fees		9,858	7,587

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. There is no material obligation for Council in relation to refunds or returns.

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

B2-3 Other revenues

	Timing	2024 Actual \$ '000	2023 Actual \$ '000
Agricultural income	2	14	14
Diesel rebate		–	74
External income	2	49	42
Fines – other	2	216	107
Fines – parking	2	466	481
GST fuel rebates	2	251	74
Insurance claims recoveries	2	114	3,225
Legal fees recovery – other	2	248	73
Nursery income	2	101	77
Private works printing income	2	3	6
Recycling income (non-domestic)	2	145	175
Sales – general	2	6	7
Other	2	282	539
Vary LEP applications	2	93	–
Total other revenue		1,988	4,894
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		1,988	4,894
Total other revenue		1,988	4,894

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, or the payment is received.

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

		Operating 2024 Actual \$ '000	Operating 2023 Actual \$ '000	Capital 2024 Actual \$ '000	Capital 2023 Actual \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	30	1,617	–	–
Financial assistance – local roads component	2	73	1,220	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,509	2,157	–	–
Financial assistance – local roads component	2	1,863	1,435	–	–
Amount recognised as income during current year					
		4,475	6,429	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Aged care	2	44	–	–	–
Bushfire services	2	–	790	–	–
Community care	2	464	1,731	17	–
Economic development	2	62	1,940	–	–
Environmental programs	2	205	51	–	–
Floodplain management		166	36	–	–
Hawkesbury Sports Council	2	1,442	287	174	–
Heritage and cultural	2	41	10	2	–
Library		2	233	–	–
Library – per capita	2	235	–	–	–
LIRS subsidy	2	–	14	–	–
NSW rural fire services		310	311	–	257
Library – special projects		21	19	–	–
Low Cost Loan Initiative Interest Subsidy		108	121	–	–
Other councils – joint works/services	2	467	–	–	–
Parks contributions	2	4	137	–	–
Public order and safety	2	1,602	112	77	–
Recreation and culture	2	141	1,093	4,893	1,089
Roads and bridges	2	2,093	36,435	1,313	–
Street lighting	2	178	175	–	–
Tourism	2	–	80	–	–
Traffic route subsidy	2	17	10	–	–
Transport (other roads and bridges funding)	2	48,051	1,292	1,530	2,495
Transport (roads to recovery)	2	1,994	158	–	–
Total special purpose grants and non-developer contributions – cash					
		57,647	45,035	8,006	3,841

B2-4 Grants and contributions (continued)

		Operating 2024 Actual \$ '000	Operating 2023 Actual \$ '000	Capital 2024 Actual \$ '000	Capital 2023 Actual \$ '000
	Timing				
Non-cash contributions					
Bushfire services	2	–	–	44	1,039
Roads and bridges	2	–	–	6,662	343
Other		–	–	2,409	–
Total other contributions – non-cash		–	–	9,115	1,382
Total special purpose grants and non-developer contributions (tied)		57,647	45,035	17,121	5,223
Total grants and non-developer contributions		62,122	51,464	17,121	5,223
Comprising:					
– Commonwealth funding		4,457	6,951	434	–
– State funding		54,128	44,065	6,601	4,161
– Other funding		3,537	448	10,086	1,062
		62,122	51,464	17,121	5,223

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2024 Actual \$ '000	Operating 2023 Actual \$ '000	Capital 2024 Actual \$ '000	Capital 2023 Actual \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G3					
Cash contributions						
S 7.4 – contributions using planning agreements		2	307	10	–	–
S 7.11 – contributions towards amenities/services		2	–	–	10,446	15,684
S 7.12 – fixed development consent levies		2	–	–	856	1,188
S 64 – sewerage service contributions		2	–	–	549	957
S 64 – stormwater contributions		2	–	–	–	441
Total developer contributions – cash			307	10	11,851	18,270
Non-cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	6,745	4,215
S 7.11 – contributions towards amenities/services		2	–	–	4,998	3,796
Total developer contributions non-cash			–	–	11,743	8,011
Total developer contributions			307	10	23,594	26,281
Total contributions			307	10	23,594	26,281
Total grants and contributions			62,429	51,474	40,715	31,504
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised at a point in time (2)			24,588	51,474	33,718	31,504
Total grants and contributions			62,429	51,474	40,715	31,504

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2024 Actual \$ '000	Operating 2023 Actual \$ '000	Capital 2024 Actual \$ '000	Capital 2023 Actual \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	21,325	13,349	13,351	6,216
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,543	15,007	–	7
Add: Funds received and not recognised as revenue in the current year	1,775	845	22,698	7,183
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(15,078)	(7,876)	(13)	(55)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,507)	–	(2,075)	–
Unspent funds at 30 June	11,058	21,325	33,961	13,351
Contributions				
Unspent funds at 1 July	–	–	27,054	21,471
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	12,158	18,197
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	(2,831)	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	(12,614)
Unspent contributions at 30 June	–	–	36,381	27,054

The majority of unspent grants relates to programs outstanding in relation to bushfire and flood grant funding as a result of delays arising from the availability of contract labour and materials. Also contributing to the unspent balance is the Western Sydney Infrastructure Grants (WSIG) and Western Sydney City Deals Liveability (Liveability) funding. Works have commenced and are ongoing for the Liveability project with construction underway in the third and final town centre. The community have been consulted throughout the design stages of all ten WSIG projects with construction expected to commence in the next twelve to eighteen months.

B2-4 Grants and contributions (continued)

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 when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include the conducting of events, delivery of community education program, community outreach programs and weed management. 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 obligation 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 outreach 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 and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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*.

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

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

B2-5 Interest and investment income

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	735	396
– Cash and investments	3,708	2,309
Total interest and investment income (losses)	4,443	2,705
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	655	354
General Council cash and investments	1,599	946
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11	972	634
- Section 7.12	319	253
– Section 64	183	82
Sewerage fund operations	341	176
Domestic waste management operations	340	106
Stormwater management	34	154
Total interest and investment income	4,443	2,705

B2-6 Other income

	Notes	2024 Actual \$ '000	2023 Actual \$ '000
Fair value increment on investment properties			
Fair value increment on investment properties		–	525
Total fair value increment on investment properties	C1-7	–	525
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		2,337	2,053
Lease income relating to variable lease payments not dependent on an index or a rate		650	728
Total Investment properties		2,987	2,781
Other lease income			
Leaseback fees - council vehicles		522	455
Total other lease income		522	455
Total rental income	C2-2	3,509	3,236
Fair value increment on investments			
Fair value increment on investments through profit and loss		5	116
Total Fair value increment on investments		5	116
Other			
Other (impairment of receivables)		468	–
Total other		468	–
Total other income		3,982	3,877

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 Actual \$ '000	2023 Actual \$ '000
Salaries and wages	29,782	26,959
Employee leave entitlements (ELE)	5,347	6,244
Superannuation	3,818	3,302
Workers' compensation insurance	306	1,563
Fringe benefit tax (FBT)	108	87
Payroll tax	26	29
Protective clothing	100	95
Other	23	29
Total employee costs	39,510	38,308
Less: capitalised costs	(1,887)	(950)
Total employee costs expensed	37,623	37,358

Material accounting policy information

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 E3-1 for more information.

B3-2 Materials and services

	Notes	2024 Actual \$ '000	2023 Actual \$ '000
Raw materials and consumables		2,331	6,977
Contractor costs:			
– Cemeteries		117	96
– Community services		31	267
– Ferry operational		1,367	503
– Informational technology		106	212
– Internal Audit		202	86
– Other contractors		390	554
– Roads, parks and buildings		39,429	15,320
– Waste collection and disposal		7,314	9,214
– Sewer services		791	8,502
Audit Fees and Assurance Services	F2-1	157	100
Councillor and Mayoral fees and associated expenses	F1-2	440	398
Advertising		184	266
Bank charges		212	215
Computer software charges		2,038	1,593
Electricity and heating		841	874
Fire control expenses		98	97
Insurance		2,197	1,879
Office expenses (including computer expenses)		57	36
Postage		197	187
Printing and stationery		132	122
Street lighting		595	718
Travel expenses		6	11
Telephone and communications		126	127
Valuation fees (rates)		180	165
Gas		98	78
Licences and subscriptions		496	534
Other expenses		792	473
Sewerage treatment works operations		499	555
Stormwater – environmental		53	43
Water		323	245
Staff Training Costs		367	278
Legal expenses:			
– Legal expenses: planning and development		549	603
– Legal expenses: debt recovery		57	3
– Legal expenses: other		1,178	131
Variable lease expense relating to usage		47	50
Other		410	310
Total materials and services		64,407	51,822
Total materials and services		64,407	51,822

B3-3 Borrowing costs

	Notes	2024 Actual \$ '000	2023 Actual \$ '000
(i) Interest bearing liability costs			
Interest on leases		151	84
Interest on loans		2,524	1,461
Total interest bearing liability costs		2,675	1,545
Total interest bearing liability costs expensed		2,675	1,545
(ii) Other borrowing costs			
Unwinding of discount from Remediation Provision			
– Remediation liabilities	C3-5	317	306
Total other borrowing costs		317	306
Total borrowing costs expensed		2,992	1,851

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

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Plant and equipment		2,082	1,986
Office equipment		208	217
Furniture and fittings		101	57
Land improvements (depreciable)		119	19
Infrastructure:			
	C1-6		
– Buildings – non-specialised		722	712
– Buildings – specialised		3,668	2,966
– Other structures		242	189
– Roads		10,769	9,857
– Bridges		408	220
– Footpaths		452	381
– Stormwater drainage		2,401	2,198
– Sewerage network		3,334	2,945
– Swimming pools		66	66
– Other open space/recreational assets		2,080	1,522
Right of use assets	C2-1	665	753
Other assets:			
– Library books		272	250
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	107	31
Intangible assets	C1-8	97	122
Total gross depreciation and amortisation costs		27,793	24,491
Total depreciation and amortisation costs		27,793	24,491
Total depreciation, amortisation and impairment for non-financial assets		27,793	24,491

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

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. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for right of use assets.

Impairment of non-financial assets

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

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

	Notes	2024 Actual \$ '000	2023 Actual \$ '000
Impairment of receivables			
Other		–	554
Total impairment of receivables	C1-4	–	554
Fair value decrement on Council properties			
Fair value decrement on investment properties		901	–
Fair value decrement on tip assets		663	–
Total fair value decrement on investment properties	C1-7	1,564	–
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		1,110	1,109
– Department of planning levy		93	90
– Emergency services levy (includes FRNSW, SES, and RFS levies)		315	181
– NSW fire brigade levy		208	193
– Waste S88 EPA contribution		3,910	3,815
– Other contributions/levies		443	544
Donations, contributions and assistance to other organisations (Section 356)		163	114
Total other		6,242	6,046
Total other expenses		7,806	6,600

B4 Gains or losses

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

	Notes	2024 Actual \$ '000	2023 Actual \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		1,839	563
Less: carrying amount of plant and equipment assets sold/written off		(856)	(1,360)
Gain (or loss) on disposal		983	(797)
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		60	75
Less: carrying amount of infrastructure assets sold/written off		(6,395)	(3,673)
Gain (or loss) on disposal		(6,335)	(3,598)
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		25,414	23,893
Less: carrying amount of term deposits sold/redeemed/matured		(25,414)	(23,893)
Gain (or loss) on disposal		-	-
Net gain (or loss) from disposal of assets		(5,352)	(4,395)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 11 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	76,696	77,168	472	1%	F
User charges and fees	9,162	9,858	696	8%	F
Other revenues	1,874	1,988	114	6%	F
Operating grants and contributions	19,179	62,429	43,250	226%	F
Only known grants and contributions are included in the Original Budget. Delivery of flood recovery projects were higher than projected at the time of the development of the Original Budget, which are funded via Disaster Recovery Funding Arrangements. Also contributing is the 85% prepayment of the Financial Assistance Grant for 2024/2025.					
Capital grants and contributions	30,509	40,715	10,206	33%	F
Only known grants and contributions are included in the Original Budget. Dedicated assets in relation to development and assets found as part of revaluation processes are not budgeted due to the level of uncertainty.					
Interest and investment revenue	3,393	4,443	1,050	31%	F
Due to higher cash balances than projected and the substantial improvement in interest rates applicable to investments, interest income in relation to Council's investment portfolio was greater than projected.					
Other income	3,307	3,982	675	20%	F
Expenses					
Employee benefits and on-costs	37,133	37,623	(490)	(1)%	U
Materials and services	37,584	64,407	(26,823)	(71)%	U
Expenditure was significantly higher than projected due to unbudgeted expenditure related to the continued flood recovery associated with the March/April 2022 and June 2022 flood events, including the Settlers Road landslips restoration undertaken on behalf of Central Coast Council. Additionally, the hard labour market and the cost and availability of materials has seen an increase in expenses associated with materials and services.					
Borrowing costs	3,144	2,992	152	5%	F
Depreciation, amortisation and impairment of non-financial assets	24,622	27,793	(3,171)	(13)%	U
The impact on depreciation in relation to assets revalued during the 2022/2023 financial year, were not known at the time of the development of the Original Budget.					
Other expenses	6,125	7,806	(1,681)	(27)%	U
Fair valuation adjustments are not incorporated into Council's budget due to the level of uncertainty. Decrements were recorded for investment properties and the tip asset.					
Net losses from disposal of assets	-	5,352	(5,352)	∞	U

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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Due to uncertainties in the level of asset disposals associated both with the sale of assets and renewal / replacement of assets, Council does not budget for this expenditure or income.

Statement of cash flows

Cash flows from operating activities	59,873	71,221	11,348	19%	F
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Cash flows received from grants and contributions predominantly due to flood recovery was higher than projected in the Original Budget.

Cash flows from investing activities	(60,296)	(48,666)	11,630	(19)%	F
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Cash flows from financing activities	3,069	(4,330)	(7,399)	(241)%	U
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The Original Budget included the drawing down of additional loans, which due to higher than projected cash levels, were not required during the financial year.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
Cash assets		
Cash on hand and at bank	16,363	1,354
Cash equivalent assets		
– Deposits at call	20,000	16,784
Total cash and cash equivalents	36,363	18,138

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	36,363	18,138
Balance as per the Statement of Cash Flows	36,363	18,138

C1-2 Financial investments

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Financial assets at fair value through the profit and loss				
Unlisted equity securities (Civic Risk Mutual)	–	3,023	–	3,018
Total	–	3,023	–	3,018
Debt securities at amortised cost				
Long term deposits	56,500	2,000	82,000	–
FRN's	–	3,850	–	–
TCorp IM Fund	1,080	–	–	–
Total	57,580	5,850	82,000	–
Total financial investments	57,580	8,873	82,000	3,018

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

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.

Financial assets through profit or loss

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

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

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

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	102,816	103,156
Cash, cash equivalents and investments not subject to external restrictions	20,246	38,938
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – sewer	5,837	8,844
Specific purpose unexpended loans – LCLI	12,160	13,197
Specific purpose unexpended grants – general fund	20,890	8,028
External restrictions – included in liabilities	38,887	30,069
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	31,950	23,053
Developer contributions – sewer fund	4,431	4,000
Specific purpose unexpended contributions	666	700
Sewer fund	1,648	2,130
Domestic waste management	4,161	1,873
Stormwater management	827	2,393
External restrictions – other	43,683	34,149

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)

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
(b) Internal allocations		
Internal allocations ¹		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	1,236	1,236
Contingency	908	1,211
Election	560	403
Resilience and Emergency Response	455	455
Information technology	367	360
Infrastructure projects	–	13,366
Legal	200	200
Property	3,373	1,252
Tip remediation and sullage	187	1,460
Unspent work reserve	5,631	7,853
Workers compensation	803	803
Other	3,440	3,034
Total internal allocations	17,160	31,633

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

(1) The amount internally restricted has been adjusted to reflect available cash due to the impact of DRFA expenditure, and adjustments that will increase this restriction will occur on receipt of cash associated with claims made within 12 months.

C1-4 Receivables

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Rates and annual charges	9,088	-	8,315	-
Interest and extra charges	580	-	469	-
User charges and fees	4,322	-	2,200	-
Private works	30	-	82	-
Accrued revenues				
– Interest on investments	1,007	-	787	-
Government grants and subsidies	30,965	-	27,093	-
Net GST receivable	-	-	719	-
Total	45,992	-	39,665	-
Less: provision for impairment				
User charges and fees	(712)	-	(1,197)	-
Total provision for impairment – receivables	(712)	-	(1,197)	-
Total net receivables	45,280	-	38,468	-

	2024 Actual \$ '000	2023 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	1,197	652
+ new provisions recognised during the year	-	545
– amounts provided for but recovered during the year	(485)	-
Balance at the end of the year	712	1,197

C1-4 Receivables (continued)

Material accounting policy information

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
(i) Inventories at cost				
Stores and materials	338	–	436	–
Total inventories at cost	338	–	436	–
Total inventories	338	–	436	–

(b) Current inventories not anticipated to be settled within the next 12 months

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

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
Other	143	184
	143	184

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

C1-6 Infrastructure, property, plant and equipment

	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation & impairments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	45,757	–	45,757	31,422	4,340	–	–	–	(25,118)	–	–	56,401	–	56,401
Plant and equipment	31,758	(12,787)	18,971	4,243	412	(856)	(2,082)	–	18	91	–	34,791	(13,994)	20,797
Office equipment	3,420	(2,966)	454	4	10	–	(208)	–	150	–	–	3,584	(3,174)	410
Furniture and fittings	2,245	(1,912)	333	157	–	–	(101)	–	323	–	–	2,725	(2,013)	712
Land:														
– Operational land	106,597	–	106,597	–	–	–	–	–	–	126	7,215	113,938	–	113,938
– Community land	166,656	–	166,656	–	3,624	–	–	–	1,187	(126)	11,583	182,924	–	182,924
– Land under roads (post 30/6/08)	20,183	–	20,183	–	1,959	–	–	–	9	–	1,498	23,649	–	23,649
Land improvements – non-depreciable	1,420	–	1,420	–	18	(635)	–	–	–	–	69	872	–	872
Land improvements – depreciable	6,842	(171)	6,671	424	294	–	(119)	–	832	6,253	1,232	15,896	(309)	15,587
Infrastructure:														
– Buildings – non-specialised	34,587	(18,555)	16,032	1,494	–	–	(722)	–	–	–	1,168	38,589	(20,616)	17,973
– Buildings – specialised	170,019	(69,084)	100,935	467	352	(149)	(3,668)	–	587	20	6,848	183,021	(77,628)	105,393
– Other structures	10,318	(3,290)	7,028	7	1,112	(2)	(242)	–	256	145	1,223	13,579	(4,053)	9,526
– Roads	997,588	(291,909)	705,679	9,339	15,707	(5,463)	(10,769)	–	6,293	(5,644)	(35,359)	1,029,171	(349,389)	679,782
– Bridges	50,902	(23,973)	26,929	–	–	–	(408)	–	–	91	5,739	44,635	(12,283)	32,352
– Footpaths	25,173	(11,675)	13,498	190	1,756	(28)	(452)	–	2,184	(108)	(353)	29,194	(12,507)	16,687
– Stormwater drainage	234,587	(60,639)	173,948	32	1,175	(60)	(2,401)	–	1,424	(91)	5,961	244,681	(64,691)	179,990
– Sewerage network	231,704	(63,285)	168,419	2,176	783	(8)	(3,334)	–	3,735	(228)	(4,763)	246,175	(79,395)	166,780
– Swimming pools	5,608	(2,411)	3,197	–	–	–	(66)	–	97	–	471	6,537	(2,839)	3,698
– Other open space/recreational assets	35,255	(11,901)	23,354	414	5,876	(51)	(2,080)	–	2,001	(563)	–	42,834	(13,883)	28,951
Other assets:														
– Heritage collections	1,036	–	1,036	–	–	–	–	–	–	–	–	1,036	–	1,036
– Library books	3,170	(2,402)	768	–	239	–	(272)	–	–	–	–	3,177	(2,442)	735
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	9,141	(1,670)	7,471	–	1,456	–	(107)	(664)	6,022	34	–	25,857	(11,645)	14,212
Total infrastructure, property, plant and equipment	2,193,966	(578,630)	1,615,336	50,369	39,113	(7,252)	(27,031)	(664)	–	–	2,532	2,343,266	(670,861)	1,672,405

(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)

	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation & impairments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	36,516	–	36,516	10,069	11,618	–	–	(12,446)	–	–	45,757	–	45,757
Plant and equipment	31,743	(12,199)	19,544	2,591	181	(1,360)	(1,986)	–	–	–	31,758	(12,787)	18,971
Office equipment	3,377	(2,749)	628	1	42	–	(217)	–	–	–	3,420	(2,966)	454
Furniture and fittings	2,242	(1,854)	388	2	–	–	(57)	–	–	–	2,245	(1,912)	333
Land:													
– Operational land	100,813	–	100,813	–	–	–	–	–	–	5,784	106,597	–	106,597
– Community land	106,117	–	106,117	–	14,030	–	–	–	–	46,509	166,656	–	166,656
– Land under roads (post 30/6/08)	19,330	–	19,330	–	28	–	–	–	–	825	20,183	–	20,183
Land improvements – non-depreciable	1,093	–	1,093	330	–	–	–	–	(3)	–	1,420	–	1,420
Land improvements – depreciable	1,320	(130)	1,190	–	5,522	–	(19)	–	(22)	–	6,842	(171)	6,671
Infrastructure:													
– Buildings – non-specialised	37,597	(19,116)	18,481	349	169	–	(712)	2,731	(3,325)	(1,660)	34,587	(18,555)	16,032
– Buildings – specialised	151,970	(63,331)	88,639	477	159	–	(2,966)	1,284	–	13,343	170,019	(69,084)	100,935
– Other structures	10,040	(3,099)	6,941	–	263	–	(189)	12	3	–	10,318	(3,290)	7,028
– Roads	914,230	(271,965)	642,265	7,332	14,837	(3,566)	(9,857)	3,313	10,627	40,727	997,588	(291,909)	705,679
– Bridges	45,166	(12,123)	33,043	2,222	–	–	(220)	473	(10,600)	2,011	50,902	(23,973)	26,929
– Footpaths	22,389	(8,782)	13,607	14	1,838	(62)	(381)	89	(5)	(1,603)	25,173	(11,675)	13,498
– Stormwater drainage	215,075	(48,213)	166,862	–	3,664	–	(2,198)	28	–	5,593	234,587	(60,639)	173,948
– Sewerage network	195,388	(53,882)	141,506	2,812	10,577	(45)	(2,945)	4,307	–	12,206	231,704	(63,285)	168,419
– Swimming pools	5,608	(2,346)	3,262	–	–	–	(66)	–	–	–	5,608	(2,411)	3,197
– Other open space/recreational assets	34,068	(10,379)	23,689	283	694	–	(1,522)	209	–	–	35,255	(11,901)	23,354
Other assets:													
– Heritage collections	1,036	–	1,036	–	–	–	–	–	–	–	1,036	–	1,036
– Library books	3,161	(2,403)	758	–	260	–	(250)	–	–	–	3,170	(2,402)	768
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	9,141	(1,640)	7,501	–	–	–	(31)	–	–	–	9,141	(1,670)	7,471
Total infrastructure, property, plant and equipment	1,947,420	(514,211)	1,433,209	26,482	63,882	(5,033)	(23,616)	–	(3,325)	123,735	2,193,966	(578,630)	1,615,336

(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)

Material accounting policy information

Infrastructure, property, plant and equipment are held at carrying 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.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 35	Playground equipment	7 to 60
Office furniture	3 to 25	Benches, seats etc.	5 to 60
Computer equipment	4		
Vehicles	5 to 12	Buildings	
Heavy plant/road making equipment	5 to 35	Buildings: masonry	45 to 100
Other plant and equipment	2 to 25	Buildings: other	20 to 50
Water and sewer assets		Stormwater assets	
Dams and reservoirs	100 to 200	Drains	80 to 100
Bores	20 to 40	Culverts	100
Pipes	25 to 140	Flood control structures	60 to 100
Pump stations	80 to 120		
Wastewater Treatment Plant	5 to 200		
Water Recycling Plant	5 to 70		
Sewer valves	25 to 100		
Pumps and telemetry	10 to 50		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15-100	Bulk earthworks	20 to 200
Sealed roads: structure	100-200	Swimming pools	10 to 120
Unsealed roads	25-200	Other open space/recreational assets	3 to 150
Bridge: concrete	100 to 200	Other infrastructure	4 to 200
Bridge: other	80 to 200		
Kerb, gutter and footpaths	15 to 120		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

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

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-7 Investment properties

	2024 \$ '000	2023 \$ '000
Owned investment property		
Investment property on hand at fair value	46,128	46,937
Total owned investment property	46,128	46,937
 Owned investment property		
At fair value		
Opening balance at 1 July	46,937	42,967
Capitalised subsequent expenditure	92	96
Net gain/(loss) from fair value adjustments	(901)	525
Other movements	-	3,349
Closing balance at 30 June	46,128	46,937

Material accounting policy information

Changes in fair values are recorded in the Income Statement as part of other income.

C1-8 Intangible assets

Intangible assets are as follows:

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
Software		
Opening values at 1 July		
Gross book value	4,153	3,967
Accumulated amortisation	(3,967)	(3,845)
Net book value – opening balance	186	122
Movements for the year		
Purchases	209	186
Amortisation charges	(97)	(122)
Closing values at 30 June		
Gross book value	4,355	4,153
Accumulated amortisation	(4,057)	(3,967)
Total software – net book value	298	186
Total intangible assets – net book value	298	186

Material accounting policy information

IT development and software

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets relating to land for the Waste Management Facility and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Land

Council leases land for the Waste Management Facility; the lease payments are fixed during the lease term for the period of 10 years.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

	Plant & Equipment Actual \$ '000	Land Usage Actual \$ '000	Total Actual \$ '000
2024			
Opening balance at 1 July	693	1,118	1,811
Additions to right-of-use assets	748	–	748
Depreciation charge	(479)	(186)	(665)
Balance at 30 June	962	932	1,894
2023			
Opening balance at 1 July	773	1,304	2,077
Additions to right-of-use assets	487	–	487
Depreciation charge	(567)	(186)	(753)
Balance at 30 June	693	1,118	1,811

(b) Lease liabilities

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Lease liabilities	308	1,887	544	1,633
Total lease liabilities	308	1,887	544	1,633

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:

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
2024					
Cash flows	313	1,633	249	2,195	2,195
2023					
Cash flows	674	1,253	250	2,177	2,177

(ii) Lease liabilities relating to restricted assets

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Externally restricted assets				
Sewer	20	5	–	–
Lease liabilities relating to externally restricted assets	20	5	–	–
Internally restricted assets				
Waste Management Facility	169	1,076	169	1,207
Lease liabilities relating to internally restricted assets	169	1,076	169	1,207
Total lease liabilities relating to restricted assets	189	1,081	169	1,207
Total lease liabilities relating to unrestricted assets	119	806	375	426
Total lease liabilities	308	1,887	544	1,633

(d) Income Statement

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

	2024 Actual \$ '000	2023 Actual \$ '000
Interest on lease liabilities	151	84
Variable lease payments based on usage not included in the measurement of lease liabilities	47	50
Depreciation of right of use assets	665	753
	863	887

C2-1 Council as a lessee (continued)

(e) Statement of Cash Flows

	2024 Actual \$ '000	2023 Actual \$ '000
Total cash outflow for leases	<u>(831)</u>	<u>(637)</u>
	(831)	(637)

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

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

- community facilities
- community services
- childcare centres
- Australian Pioneer Village

The leases are generally between 3 and 20 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council endorses, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

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

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 and /or plant and equipment; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note 12) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2024	2023
	Actual	Actual
	\$ '000	\$ '000

(i) Assets held as investment property

Investment property operating leases relate to a range of shops, offices and rental accommodation.

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)	2,337	2,053
Lease income relating to variable lease payments not dependent on an index or a rate	650	728
Total income relating to operating leases for investment property assets	2,987	2,781

Operating lease expenses

Direct operating expenses that generated rental income	(983)	(837)
Direct operating expenses that did not generate rental income	(558)	(620)

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Council provides operating leases on a range vehicles for use for both business and private use.

Lease income (excluding variable lease payments not dependent on an index or rate)	522	455
Total income relating to operating leases for Council assets	522	455

Other leased assets expenses

Other	(566)	(525)
Total expenses relating to other leases assets	(566)	(525)

Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2024 Actual \$ '000	Plant & Equipment 2023 Actual \$ '000
Opening balance as at 1 July	2,457	2,563
Additions new assets	1,896	493
Carrying value of disposals	(605)	(242)
Depreciation expense	(415)	(357)
Adjustment	(67)	–
Closing balance as at 30 June	3,266	2,457

C2-2 Council as a lessor (continued)

	2024	2023
	Actual	Actual
	\$ '000	\$ '000

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	1,923	1,050
1–2 years	1,649	951
2–3 years	750	675
3–4 years	367	267
4–5 years	285	125
Total undiscounted lease payments to be received	4,974	3,068

C3 Liabilities of Council

C3-1 Payables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Goods and services – operating expenditure	6,701	–	4,662	–
Goods and services – capital expenditure	7,758	–	7,968	–
Accrued expenses:				
– Other expenditure accruals	821	–	1,689	–
Security bonds, deposits and retentions	6,062	–	6,231	–
Total payables	21,342	–	20,550	–

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

	2024 Actual \$ '000	2023 Actual \$ '000
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	4,449	2,063
Total payables	4,449	2,063

C3-2 Contract Liabilities

		2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	20,623	-	7,183	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	268	-	845	-
Total grants received in advance		20,891	-	8,028	-
Total contract liabilities		20,891	-	8,028	-

Notes

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

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

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

	2024 Actual \$ '000	2023 Actual \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,075	890
Operating grants (received prior to performance obligation being satisfied)	1,507	1,276
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,582	2,166

Significant changes in contract liabilities

There was significant funds received in advance in relation to grants associated with flood recovery and the Western Sydney Infrastructure Grants Program.

Material accounting policy information

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

C3-3 Borrowings

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Loan – Vineyard Precinct Low Cost Loan	1,799	10,361	1,768	12,149
Loan - Reconstruction of Sewer Rising Main C	30,817	–	1,386	30,542
Infrastructure Borrowings Program	796	15,112	739	15,901
Total borrowings	33,412	25,473	3,893	58,592

Borrowings relating to restricted assets

	2024 Current Actual \$ '000	2024 Non-current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000
Externally restricted assets				
Sewer	30,817	–	1,386	30,542
Borrowings relating to externally restricted assets	30,817	–	1,386	30,542
Total borrowings relating to restricted assets	30,817	–	1,386	30,542
Total borrowings relating to unrestricted assets	2,595	25,473	2,507	28,050
Total borrowings	33,412	25,473	3,893	58,592

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – sewer	31,948	(1,131)	–	–	–	–	30,817
Loan – LIRS	–	–	–	–	–	–	–
Lease liability (Note C2-1b)	2,177	(730)	748	–	–	–	2,195
Loan - Vineyard Low Cost Loan	13,917	(1,757)	–	–	–	–	12,160
Loan - Infrastructure Borrowings Program	16,640	(732)	–	–	–	–	15,908
Total liabilities from financing activities	64,682	(4,350)	748	–	–	–	61,080

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Repayments \$ '000	Acquisition \$ '000	Interest \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – sewer	–	(552)	32,500	–	–	–	31,948
Loan – LIRS	678	(678)	–	–	–	–	–
Lease liability (Note C2-1b)	2,373	(196)	–	–	–	–	2,177
Other	15,645	(1,728)	–	–	–	–	13,917
Loan - Infrastructure Borrowings Program	–	(360)	17,000	–	–	–	16,640
Total liabilities from financing activities	18,696	(3,514)	49,500	–	–	–	64,682

C3-3 Borrowings (continued)

(b) Financing arrangements

	2024 Actual \$ '000	2023 Actual \$ '000
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	800	800
Credit cards/purchase cards	500	500
Total financing arrangements	1,300	1,300
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Bank overdraft facilities	–	–
– Credit cards/purchase cards	–	–
Total drawn financing arrangements	–	–
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	800	800
– Credit cards/purchase cards	500	500
- Contingent liabilities facility	1,806	1,806
Total undrawn financing arrangements	3,106	3,106

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

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	3,246	–	3,279	–
Sick leave	223	–	186	–
Long service leave	6,075	1,104	6,139	1,080
Leave in lieu	479	–	766	–
Total employee benefit provisions	10,023	1,104	10,370	1,080

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

	2024	2023
	Actual	Actual
	\$ '000	\$ '000

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	8,158	5,911
	8,158	5,911

Material accounting policy information

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.

C3-5 Provisions

	2024 Current Actual \$ '000	2024 Non-Current Actual \$ '000	2023 Current Actual \$ '000	2023 Non-Current Actual \$ '000
Other provisions				
Self insurance – workers compensation	668	757	751	1,055
Sub-total – other provisions	668	757	751	1,055
Asset remediation/restoration:				
Asset remediation/restoration (future works)	144	8,745	2,883	9,227
Sub-total – asset remediation/restoration	144	8,745	2,883	9,227
Total provisions	812	9,502	3,634	10,282

Description of and movements in provisions

	Other provisions		
	Self insurance \$ '000	Asset remediation \$ '000	Total \$ '000
2024			
At beginning of year	1,806	12,110	13,916
Unwinding of discount	–	317	317
Remeasurement	(381)	(3,538)	(3,919)
Total other provisions at end of year	1,425	8,889	10,314
2023			
At beginning of year	724	15,440	16,164
Unwinding of discount	–	306	306
Additional provisions	1,082	–	1,082
Amounts used (payments)	–	(2,530)	(2,530)
Remeasurement	–	(1,106)	(1,106)
Total other provisions at end of year	1,806	12,110	13,916

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip sites.

Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include

C3-5 Provisions (continued)

any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

General fund refers to all Council activities other than sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the sewer column are restricted for use for these activities.

D1-1 Income Statement by fund

	General 2024 \$ '000	Sewer 2024 \$ '000
Income from continuing operations		
Rates and annual charges	67,859	9,309
User charges and fees	8,592	1,266
Interest and investment revenue	4,102	341
Other revenues	1,978	10
Grants and contributions provided for operating purposes	62,198	231
Grants and contributions provided for capital purposes	39,045	1,670
Net gains from disposal of assets	1	26
Other income	3,982	–
Total income from continuing operations	187,757	12,853
Expenses from continuing operations		
Employee benefits and on-costs	35,891	1,732
Materials and services	57,626	6,781
Borrowing costs	1,471	1,521
Depreciation, amortisation and impairment of non-financial assets	24,265	3,528
Other expenses	7,907	(101)
Net losses from the disposal of assets	5,379	–
Total expenses from continuing operations	132,539	13,461
Operating result from continuing operations	55,218	(608)
Net operating result for the year	55,218	(608)
Net operating result attributable to each council fund	55,218	(608)
Net operating result for the year before grants and contributions provided for capital purposes	16,173	(2,278)

D1-2 Statement of Financial Position by fund

	General 2024 \$ '000	Sewer 2024 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	35,429	934
Investments	46,598	10,982
Receivables	44,204	1,076
Inventories	338	–
Other	1,752	(21)
Total current assets	128,321	12,971
Non-current assets		
Investments	8,873	–
Infrastructure, property, plant and equipment	1,501,316	171,089
Investment property	46,128	–
Intangible assets	298	–
Right of use assets	1,766	128
Total non-current assets	1,558,381	171,217
Total assets	1,686,702	184,188
LIABILITIES		
Current liabilities		
Payables	17,525	3,817
Contract liabilities	20,891	–
Lease liabilities	288	20
Borrowings	2,595	30,817
Employee benefit provision	9,522	501
Provisions	812	–
Total current liabilities	51,633	35,155
Non-current liabilities		
Lease liabilities	1,882	5
Borrowings	25,473	–
Employee benefit provision	1,063	41
Provisions	9,502	–
Total non-current liabilities	37,920	46
Total liabilities	89,553	35,201
Net assets	1,597,149	148,987
EQUITY		
Accumulated surplus	594,100	32,180
Revaluation reserves	1,003,049	116,807
Council equity interest	1,597,149	148,987
Total equity	1,597,149	148,987

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Name of Operation/Entity	Principal activity
Hawkesbury Sports Council	Sports & Sporting Recreation 2 Stewart Street, SOUTH WINDSOR NSW 2756

Interests in Subsidiary	Ownership 2024	Ownership 2023	Principal place of business	Voting rights 2024	Voting rights 2023
Council's interest in Subsidiary	100%	100%		10%	10%
Non-controlling interest in Subsidiary	0%	0%		90%	90%

The nature and extent of significant restrictions relating to the Subsidiary

As HSC is a subsidiary of Council, there are no significant restrictions relating to Cash & Investments of Other Assets.

The nature of risks associated with Council's interests in the Subsidiary

Council has delegated the responsibility of the management of sporting facilities and associated auspiced Council funded services to the Hawkesbury Sports Council (HSC). The HSC is an incorporated association that operates autonomously via the entity's constitution. Council contributions, both financial and in-kind, support in the form of land and facilities to ensure adequate provision of sports services and facilities to the community.

As the function of HSC is to perform the functions and services delegated by Council, any financial loss incurred by HSC is borne by Council and recognised in the consolidated Financial Statements. As a mechanism to reduce the risk of financial losses and ensure that decisions made by HSC align with Council's operational and strategic objectives, Council representatives, being the Coordinator of Opens Spaces and a nominated Councillor, are invited to attend each meeting. As assets used by HSC are owned by Council, adequate insurance cover is included in Council's insurance policy portfolio to mitigate risks associated with loss or damage.

During 2023/2024, Council contributed \$908K for the operation of HSC and \$333K for capital improvements of facilities. Council currently intends to continue providing operational and capital financial contributions to HSC.

Other disclosures

Although Council has limited voting powers on the HSC executive, the existence of this entity is contingent on Council continuing to provide facilities, financial contributions and delegation for the management of its sporting facilities.

D2-1 Subsidiaries (continued)

Summarised financial information for the Subsidiary

	2024 Actual \$ '000	2023 Actual \$ '000
Summarised statement of comprehensive income		
Revenue	2,507	1,461
Expenses	(2,555)	(1,355)
Profit for the period	(48)	106
Total comprehensive income ⁽¹⁾	(48)	106
Summarised statement of financial position		
Current assets	1,947	1,427
Non-current assets	160	142
Total assets	2,107	1,569
Current liabilities	923	178
Total liabilities	923	178
Net assets ⁽²⁾	1,184	1,391

Material accounting policy information

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

	Carrying value 2024 \$ '000	Carrying value 2023 \$ '000	Fair value 2024 \$ '000	Fair value 2023 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	36,363	18,138	22,338	18,138
Receivables	45,280	37,749	45,280	37,749
Investments				
– Debt securities at amortised cost	63,430	82,000	77,454	82,000
Fair value through profit and loss				
Investments				
– Held for trading	–	–	–	3,018
Other financial assets	3,023	3,018	3,018	3,018
Total financial assets	148,096	140,905	148,090	143,923
Financial liabilities				
Payables	15,280	14,299	15,504	14,299
Loans/advances	58,885	62,485	58,661	62,485
Total financial liabilities	74,165	76,784	74,165	76,784

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 measure at amortised cost 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) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of Council's independent advisor.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

E1-1 Risks relating to financial instruments held (continued)

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

E1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

	2024	2023
	\$ '000	\$ '000
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	1,000	1,032
Impact of a 10% movement in price of investments		
– Equity / Income Statement	302	302

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

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

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

Council makes suitable provision for doubtful receivables as required.

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.

	overdue rates and annual charges			Total \$ '000
	Not yet overdue \$ '000	< 5 years \$ '000	≥ 5 years \$ '000	
2024				
Gross carrying amount	–	8,397	691	9,088
2023				
Gross carrying amount	–	7,683	632	8,315

E1-1 Risks relating to financial instruments held (continued)

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2024						
Gross carrying amount	32,248	464	2,853	207	1,132	36,904
Expected loss rate (%)	0.42%	10.00%	15.00%	50.00%	75.00%	4.23%
ECL provision	135	46	428	104	849	1,562
2023						
Gross carrying amount	27,386	395	2,429	176	964	31,350
Expected loss rate (%)	1.25%	10.00%	15.00%	50.00%	75.00%	4.97%
ECL provision	342	40	364	88	723	1,557

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

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

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

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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2024							
Payables	0.00%	6,062	15,504	–	–	21,566	21,342
Borrowings	4.35%	–	33,188	11,191	14,282	58,661	58,885
Total financial liabilities		6,062	48,692	11,191	14,282	80,227	80,227
2023							
Payables	0.00%	6,231	14,319	–	–	20,550	20,550
Borrowings	4.35%	–	3,893	41,328	17,265	62,486	62,485
Total financial liabilities		6,231	18,212	41,328	17,265	83,036	83,035

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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
Recurring fair value measurements							
Investment property C1-7							
Investment Properties		39,184	46,937	6,823	–	46,007	46,937
Total investment property		39,184	46,937	6,823	–	46,007	46,937
Infrastructure, property, plant and equipment C1-6							
Operational Land		113,938	106,597	–	–	113,938	106,597
Community Land		–	–	182,924	166,656	182,924	166,656
Land under road		–	–	23,649	20,183	23,649	20,183
Land Improvements – non depreciable		–	–	872	1,420	872	1,420
Land Improvements – depreciable		–	–	15,587	6,671	15,587	6,671
Buildings – Non Specialised		–	–	17,973	16,032	17,973	16,032
Buildings – Specialised		–	–	105,392	100,935	105,392	100,935
Other Structure		–	–	9,527	7,028	9,527	7,028
Road, Bridges, Footpaths		–	–	728,821	746,106	728,821	746,106
Stormwater Drainage		–	–	179,990	173,948	179,990	173,948
Swimming Pools		–	–	3,699	3,197	3,699	3,197
Sewer Network		–	–	166,780	168,419	166,780	168,419
Other Open Space		–	–	28,951	23,354	28,951	23,354
Library books, Heritage & Tip		–	–	15,983	74,790	15,983	74,790
Total infrastructure, property, plant and equipment		113,938	106,597	1,480,148	1,508,739	1,594,086	1,615,336

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:

E2-1 Fair value measurement (continued)

Financial assets

The Council's financial assets relate to investments in term deposits and its share of equity within Civic Risk Mutual. The information included under note E1-1 is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note.

Financial liabilities

Council does not have any liabilities which are fair valued.

Investment property

Council conducts indexation each year and a full revaluation is conducted every three year, and is classified as a Level 2 and Level 3 Fair Values. The full revaluation and indexation is done by independent and qualified valuers to determine the fair value of its investment properties.

The indexation was conducted by APV Pty Limited as at 30 June 2024. The value of investment property was determined through either capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to this valuation is rent, interest rate property value.

Council revalues investment properties every three years. The next revaluation is due during the 2024/2025 financial year.

Infrastructure, property, plant and equipment (IPPE)

Buildings

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings. Buildings were last revalued as at June 2023 by Scott Fullarton Valuations Pty Ltd.

The valuer obtained the gross value of each building, by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre which was benchmarked to construction costs of similar properties across the industry. Non-specialised buildings were valued at market value, having regard to "highest and best" use.

In between revaluations, Council reviews the fair valuation of Buildings through the use of indexations supplied by APV Pty Limited.

Council conducts indexation each year and a full revaluation of buildings every five years. The next revaluation is due on 2027/2028 financial year.

Operational Land

Council engages external, independent and qualified valuer to determine the fair value of the council's operational land. Operational land was revalued on 30 June 2023 and fair values were determined by Scott Fullarton Valuation Pty Ltd.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to the description and dimensions of the land, Planning and other constraints on development and the potential for alternative use. In this regard, the valuer analyse sales of land throughout the subject and surrounding council area council area and adopt a rate per square metre, after taking into consideration zoning, location, area and configuration.

Council conducts indexation each year and revalues the operational land every five years. The next revaluation is due on 2027/2028 financial year.

E2-1 Fair value measurement (continued)

Land under road

Council conducted the revaluation for the land under road on 30 June 2023. Council used the valuer general's value to determine the fair value of the land under road assets.

Land under road has been determined using a discounted unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General, performed for rating purposes, and is applied to the total square area.

Council conducts indexation each year and revalues the land under road every three years in line with the Valuer General's revaluation schedule, which will be in the 2025/2026 financial year.

Community Land

Council conducted the revaluation for the community land on 30 June 2023. Council used the valuer general's value to determine the fair value of the community land.

Community land has been determined using a unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General for rating purposes.

Council conducts indexation each year and revalues the community land every three years in line with the Valuer General's revaluation schedule, which will be in the 2025/2026 financial year.

Sewerage Network

Council conducts indexation on asset values under this class every year and conducts full revaluation every five years. Council engages an external, independent and qualified valuer to conduct full revaluations.

The Sewerage network was last revalued in 2023/2024 financial year by APV Pty Ltd. The fair value was determined based on asset replacement cost and condition of the assets. In between full revaluations, Council applies the construction cost index rate, which is issued by NSW Office of Water. The next full revaluation is due during the 2028/2029 financial year.

Road, Bridges, Footpaths

Comprehensive revaluation was performed by APV Ltd during the 2023/2024 financial year.

The fair value of road and footpath assets was determined based on the replacement cost per square metre rate and condition of the asset. Replacement costs was used to determine the fair value of bridges.

Next revaluation will be during the 2028/2029 financial year.

Stormwater Drainage

Council last performed an external revaluation of stormwater drainage at 30 June 2020, Council performed an indexation review of the stormwater drainage at 30 June 2024.

Next revaluation will be during the 2025/2026 financial year.

Swimming Pool

Council last performed an external revaluation of swimming pool assets at 30 June 2022. The next revaluation will be during the 2024/2025 financial year.

Open Space

Council last performed an external revaluation of open space assets at 30 June 2022. The next revaluation will be during the 2024/2025 financial year.

Library

Council assumes the carrying amount of these assets reflects the fair value of the assets due to the nature of the assets. There are no major variances between the fair value and carrying amount of these assets. Therefore, these assets are disclosed at fair value in the notes.

Tip

The revaluation was performed by APV Ltd during the 2023/2024 financial year, using the cost approach.

Heritage

Council assumes the carrying amount of these assets reflects the fair value of the assets due to the nature of the assets. There are no major variances between the fair value and carrying amount of these assets. Therefore, these assets are disclosed at fair value in the notes.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Community Land		Land under Roads		Land imp. non-dep.		Land imp. dep.	
	2024	2023	2024	2023	2024	2023	2024	2023
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	166,656	106,117	20,183	19,330	1,420	1,093	6,671	1,190
Total gains or losses for the period								
Other movements								
Purchases (GBV)	3,624	14,030	1,959	28	18	330	718	5,522
Disposals (WDV)	–	–	–	–	(635)	–	–	–
Depreciation and impairment	–	–	–	–	–	–	(119)	(19)
Adjustments	(126)	–	–	–	–	(3)	6,253	(22)
PY Capitalisation	1,187	–	9	–	–	–	832	–
Revaluation	11,583	46,509	1,498	825	69	–	1,232	–
Closing balance	182,924	166,656	23,649	20,183	872	1,420	15,587	6,671

	Buildings non-specialised		Building specialised		Other structures		Roads, bridges, footpaths	
	2024	2023	2024	2023	2024	2023	2024	2023
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	16,032	18,481	100,935	88,639	7,028	6,941	746,106	688,915
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,494	518	819	636	1,119	263	26,993	26,243
Disposals (WDV)	–	–	(149)	–	(2)	–	(5,491)	(3,628)
Depreciation and impairment	(721)	(712)	(3,668)	(2,966)	(242)	(189)	(11,630)	(10,458)
Impairment Loss	–	–	–	–	–	–	–	(8,895)
Adjustments	–	(3,326)	20	–	145	3	(5,661)	23
PY Capitalisation	–	2,731	587	1,283	256	10	8,477	3,876
Revaluation	1,168	(1,660)	6,848	13,343	1,223	–	(29,973)	50,030
Closing balance	17,973	16,032	105,392	100,935	9,527	7,028	728,821	746,106

	Stormwater drainage		Swimming pools and O/S		Other assets		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	173,948	166,862	26,551	26,951	243,209	207,877	1,508,739	1,332,396
Purchases (GBV)	1,207	3,664	6,290	978	45,242	13,648	89,483	65,860
Disposals (WDV)	(60)	–	(51)	–	(864)	(45)	(7,252)	(3,673)
Depreciation and impairment	(2,399)	(2,198)	(2,146)	(1,588)	(6,104)	(5,486)	(27,029)	(23,616)
Impairment Loss	–	(6,636)	–	–	–	–	–	(15,531)
Adjustments	(91)	–	(563)	–	(103)	–	(126)	(3,325)
PY Capitalisation	1,424	27	2,098	210	(14,870)	15,009	–	23,146
Revaluation	5,961	12,229	471	–	(5,427)	12,206	(5,347)	133,482
Closing balance	179,990	173,948	32,650	26,551	261,083	243,209	1,558,468	1,508,739

Highest and best use

Due to the use of facilities and open space for the provision of community services and due to the condition of some assets, not all of Council's non-financial assets are being used at their highest and best use from a purely financial perspective.

E3-1 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 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

E3-1 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 \$281,309. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$144,842. Council's expected contribution to the plan for the next annual reporting period is \$177,871.

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

Employer 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 any funding surplus or deficit that can be attributed to Council is 0.79%

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

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

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

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

Council has classified a number of privately owned land parcels as local open space or bushland.

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

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

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

Other

The Hawkesbury Local Government Area has experienced several major flooding events in recent years. This has been reflected in impairments on the value of Infrastructure, Property, Plant and Equipment and asset values will change as impaired assets are restored. It is projected that complete restoration of assets affected will take over 2 years, with the future cost estimated at \$177 million.

The costs associated with the recovery in relation to flooding are likely to be covered by Natural Disaster Funding Arrangements, grant programs and Council's insurance policy. Any unfunded costs are likely to be immaterial and covered by reprioritisation of works.

F People and relationships

F1 Related party disclosures

F1-1 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:

	2024 \$ '000	2023 \$ '000
Compensation:		
Short-term benefits Other Short Term Payment	1,411	1,315
Annual Leave Entitlements	78	90
Post-employment benefits	134	127
Long Service Leave Entitlements	15	10
Termination benefits	-	37
Total	1,638	1,579

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2024					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	-	-	Normal employment terms - on a comparable basis as other Council staff in similar positions	-	-
2023					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	-	-	Normal employment terms - on a comparable basis as other Council staff in similar positions	-	-

F1-2 Councillor and Mayoral fees and associated expenses

	2024	2023
	Actual	Actual
	\$ '000	\$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	64	60
Councillors' fees	313	292
Other Councillors' expenses (including Mayor)	63	46
Total	440	398

F1-3 Other related parties

Hawkesbury River County Council

A statutory body responsible for the management of priority weeds, covering the Hawkesbury, Penrith, Hills and Blacktown LGAs. HRCC earned \$1.6M of revenue and expended \$1.4M in 2023/2024 and holds \$3.9M of equity as at 30 June 2024.

Nature of risks relating to the Unconsolidated Structured Entity

Council contributed \$256,291 to HRCC in 2023/2024, which represented 16% of total revenue. The revenue is sourced by constituent Councils representing 60% of total income.

The HRCC operates within the boundaries of available revenue and therefore is deemed to be low risk. Council's involvement is limited to the contributions paid annually and is represented at board meetings by two Councillors.

Current intention to provide financial support

Council currently intends to continue providing financial contributions to HRCC.

Western Sydney Organisation of Councils (WSROC)

A regional body established to co-ordinate lobbying for Western Sydney, representing 10 councils, including HCC. Additionally, WSROC provides resource-sharing opportunities and joint project management co-ordination.

Nature of risks relating to the Unconsolidated Structured Entity

Council contributed \$100,000 to WSROC in 2023/2024. Council also participates in joint projects and programs when they arise, if they present a sound investment opportunity to council, but is not required to participate.

WSROC operates within the boundaries of contributions received from member Councils and therefore is deemed to be low risk. Council involvement is limited to the membership paid annually and is represented on the board by two Councillors.

Current intention to provide financial support

Council is currently reviewing its continued membership of WSROC.

F2 Other relationships

F2-1 Audit fees

	2024 Actual \$ '000	2023 Actual \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	130	79
Remuneration for audit and other assurance services	130	79
Total Auditor-General remuneration	130	79
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	27	21
Remuneration for audit and other assurance services	27	21
Total remuneration of non NSW Auditor-General audit firms	27	21
Total audit fees	157	100

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

	2024 Actual \$ '000	2023 Actual \$ '000
Net operating result from Income Statement	54,610	47,090
Add / (less) non-cash items:		
Depreciation and amortisation	27,793	24,491
(Gain) / loss on disposal of assets	5,352	4,395
Non-cash capital grants and contributions	(20,858)	(9,393)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(5)	(116)
– Investment property	1,564	(525)
Unwinding of discount rates on reinstatement provisions	317	306
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(6,327)	(12,620)
Increase / (decrease) in provision for impairment of receivables	(485)	545
(Increase) / decrease of inventories	98	(112)
(Increase) / decrease of other current assets	(461)	(27)
Increase / (decrease) in payables	2,039	(1,864)
Increase / (decrease) in other accrued expenses payable	(868)	(8)
Increase / (decrease) in other liabilities	(169)	1,625
Increase / (decrease) in contract liabilities	12,863	2,400
Increase / (decrease) in employee benefit provision	(323)	513
Increase / (decrease) in other provisions	(3,919)	(2,554)
Net cash flows from operating activities	71,221	54,146

(b) Non-cash investing and financing activities

Non-cash investing		
Developer contributions 'in kind'	4,998	8,011
Total non-cash investing and financing activities	4,998	8,011

G2-1 Commitments

Capital commitments (exclusive of GST)

	2024 Actual \$ '000	2023 Actual \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	4,867	666
Buildings	3,498	1,282
Plant and equipment	2,646	3,038
Other	8,668	13,423
Road infrastructure	32,563	14,261
Total commitments	52,242	32,670
These expenditures are payable as follows:		
Within the next year	39,605	32,670
Later than one year and not later than 5 years	12,637	–
Total payable	52,242	32,670
Sources for funding of capital commitments:		
Unrestricted general funds	4,291	5,953
Future grants and contributions	18,428	9,836
Section 7.11 and 64 funds/reserves	33	592
Unexpended grants	13,656	1,542
Externally restricted reserves	9,858	3,888
Internally restricted reserves	5,971	10,859
Other Funding - Section 7.12	5	–
Total sources of funding	52,242	32,670

G3 Statement of developer contributions

G3-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Vineyard Precinct Contribution Plan	5,138	10,429	–	4,998	653	(3,027)	–	13,193	–
Hawkesbury Contributions Plan	8,278	17	–	–	319	(906)	–	7,708	–
S7.11 contributions – under a plan	13,416	10,446	–	4,998	972	(3,933)	–	20,901	–
S7.12 levies – under a plan	6,602	856	–	–	319	(58)	–	7,719	–
Total S7.11 and S7.12 revenue under plans	20,018	11,302	–	4,998	1,291	(3,991)	–	28,620	–
S7.4 planning agreements	2,889	307	–	6,745	138	(4)	–	3,330	–
S64 contributions	4,146	549	–	–	183	(447)	–	4,431	–
Total contributions	27,053	12,158	–	11,743	1,612	(4,442)	–	36,381	–

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

Where a facility type within a Contribution Plan is less than the contributions received, the reserves for all facilities may be pooled together and infrastructure / facilities delivered in accordance with development priorities. This is the case for the Vineyard Contributions Plan, where the priority has been on acquisitions associated with drainage.

G3-2 Developer contributions by plan

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN – HAWKESBURY CITY									
Vineyard Precinct Contribution Plan	5,138	10,429	–	4,998	653	(3,027)	–	13,193	–
Hawkesbury Contributions Plan	8,278	17	–	–	319	(906)	–	7,708	–
Total	13,416	10,446	–	4,998	972	(3,933)	–	20,901	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN – HAWKESBURY CITY									
S7.12 Levies - under a plan	6,602	856	–	–	319	(58)	–	7,719	–
Total	6,602	856	–	–	319	(58)	–	7,719	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	20,806	13.01%	14.06%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	159,863			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	97,434	48.58%	52.03%	> 60.00%
Total continuing operating revenue ¹	200,578			
3. Unrestricted current ratio				
Current assets less all external restrictions	64,326	3.63x	3.01x	> 1.50x
Current liabilities less specific purpose liabilities	17,738			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	51,591	7.05x	7.87x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,322			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding ³	9,668	11.15%	11.17%	< 5.00%
Rates and annual charges collectable	86,687			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	94,863	8.63 months	10.91 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	10,989			

(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

(3) Does not account for outstanding balances as a result of payment arrangements, Council's policy not to chase pensioners, and assistance to those impacted by the March 2021 flood.

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2024	2023	2024	2023	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	15.53%	21.26%	(20.37)%	(84.93)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹					
2. Own source operating revenue ratio					
Total continuing operating revenue excluding capital grants and contributions ¹	46.07%	49.50%	85.21%	90.92%	> 60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	3.63x	3.01x	0.37x	2.09x	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8.42x	11.22x	1.82x	(3.28)x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	12.49%	11.42%	0.00%	9.27%	< 5.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	8.55	10.75	∞	11.90	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months		months	months

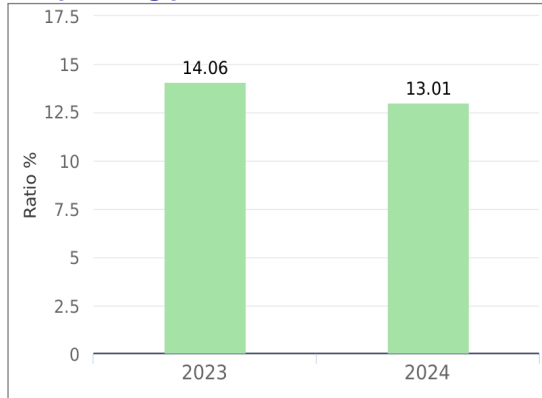
(1) - (2) Refer to Notes at Note G5-1 above.

(3) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

H Additional Council disclosures (unaudited)

H1-1 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 13.01%

Unbudgeted operating grants and contributions have resulted in a positive Operating Performance Ratio. These relate to the recovery of past expenditure relating to flood events. Prepayment of the Financial Assistance Grant (85%) was also received.

The ratio is better than the benchmark.

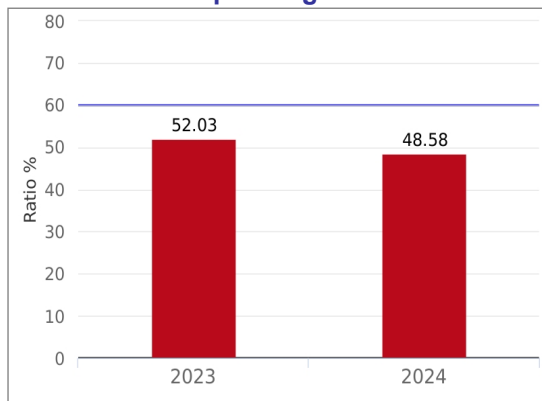
Benchmark: — > 0.00%

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 48.58%

The ratio declined from the previous year, as a result of the unbudgeted grants and prepaid grants outlined above.

The ratio is below the benchmark, but is due to a timing issue only.

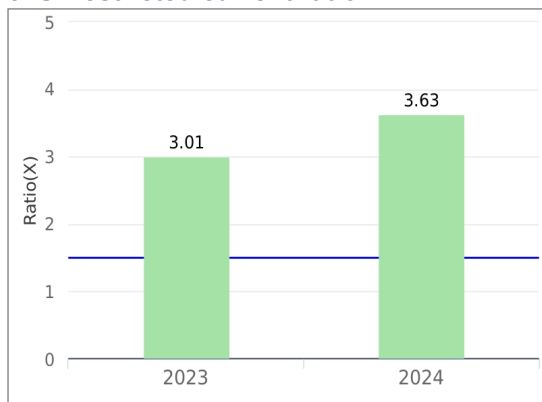
Benchmark: — > 60.00%

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 3.63x

The ratio improved as a result of the level of current assets less all external restrictions increasing from the previous reporting period.

The ratio is better than the benchmark.

Benchmark: — > 1.50x

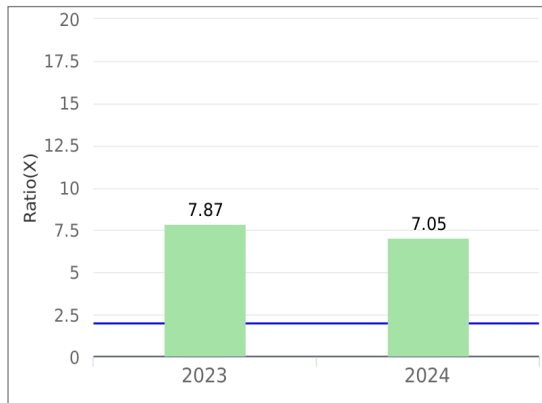
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 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 7.05x

The ratio declined due to a decrease in available cash to service debt costs, in conjunction with an increase in debt costs from the previous reporting period.

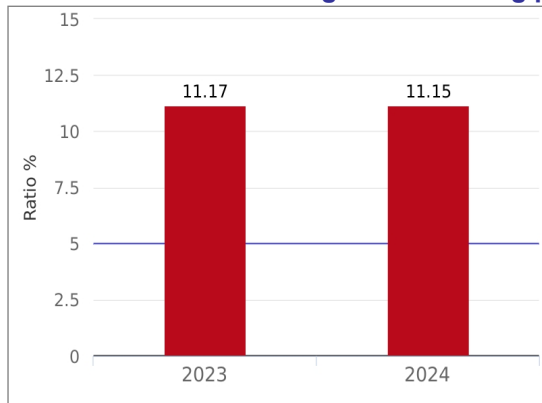
The ratio is better than the benchmark.

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 11.15%

The ratio remains stable as outstanding rates and annual charges increased to support the community's recovery relating to flooding events over the last three years. The ratio does not account for payment arrangements, the impact of Council not taking legal action on pensioners and that Council is peri-urban and experiences many of the challenges of a rural council.

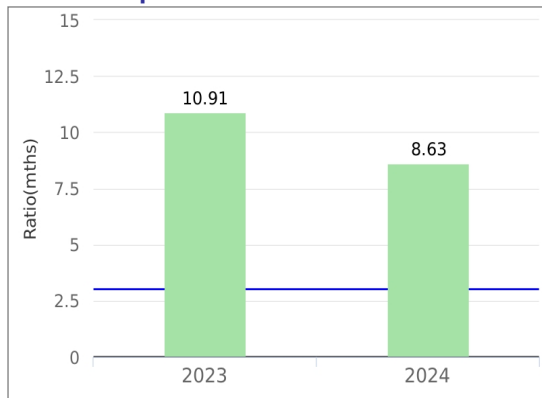
The ratio needs improvement.

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 8.63 months

The ratio declined as a result of a decrease in the cash inflows associated with operating and financing activities. The decrease is mostly attributable to flood expenditure that is yet to be recovered.

The ratio is better than the benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark



Clr Les Sheather
 Mayor
 Hawkesbury City Council
 366 George Street
 Windsor NSW 2756

Contact: Weini Liao
 Phone no: 02 9275 7432
 Our ref: R008-2124742775-7962/1737

25 October 2024

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Hawkesbury 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	77.2	71.6	↑ 7.8
Grants and contributions revenue	103	83.0	↑ 24.2
Operating result from continuing operations	54.6	47.1	↑ 16.0
Net operating result before capital grants and contributions	13.9	15.6	↓ 11.0

Rates and annual charges revenue (\$77.2 million) increased by \$5.6 million (7.8%) in 2023–24 due to rate peg increase of 3.7% as well as an increase in annual charges levied of \$3.2 million.

Grants and contributions revenue (\$103 million) increased by \$20.2 million (24.2%) in 2023–24 mainly due to:

- increase of \$16.8 million of special purpose grants and non-developer contributions – cash recognised during the year
- increase of \$7.7 million of other contributions - non-cash recognised during the year.

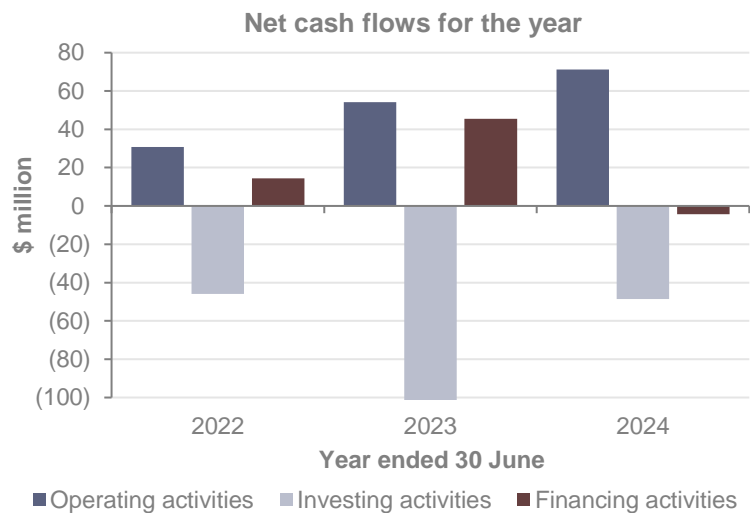
Council’s operating result from continuing operations (\$54.6 million including depreciation, amortisation and impairment expense of \$27.8 million) was \$7.5 million higher than the 2022–23 result. This was as a result of total income increasing by \$27.0 million, offset by total expenses increasing by \$19.5 million.

The net operating result before capital grants and contributions (\$13.9 million) was \$1.7 million lower than the 2022–23 result. This took into account capital grants and contributions increased by \$9.2 million, offsetting the increase in operating result from continuing operations.

STATEMENT OF CASH FLOWS

Cash balances increased by \$18.2 million, mainly due to the:

- cash inflows from operating activities of \$71.2 million, offset by
- cash outflows of \$48.7 million from investing activities and cash outflows of \$4.3 from financing activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	103	103	Externally restricted balances comprise mainly of developer contributions, unexpected loans and grants, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			The increase in external restrictions relates to an increase in developer contributions - general of \$8.9 million and specific purpose unexpected grants - general fund of \$12.9 million.
• External restrictions	82.6	64.2	
• Internal allocations	17.2	31.6	Internal allocations are determined by council policies or decisions, which are subject to change.
			The decrease in internal allocations is mainly driven by a decrease in infrastructure projects allocation of \$13.4 million.

Debt

At 30 June 2024, Council had:

- \$58.9 million in borrowings (\$62.5 million in 2022–23)
- \$800,000 in approved overdraft facility with nil drawn down.

PERFORMANCE

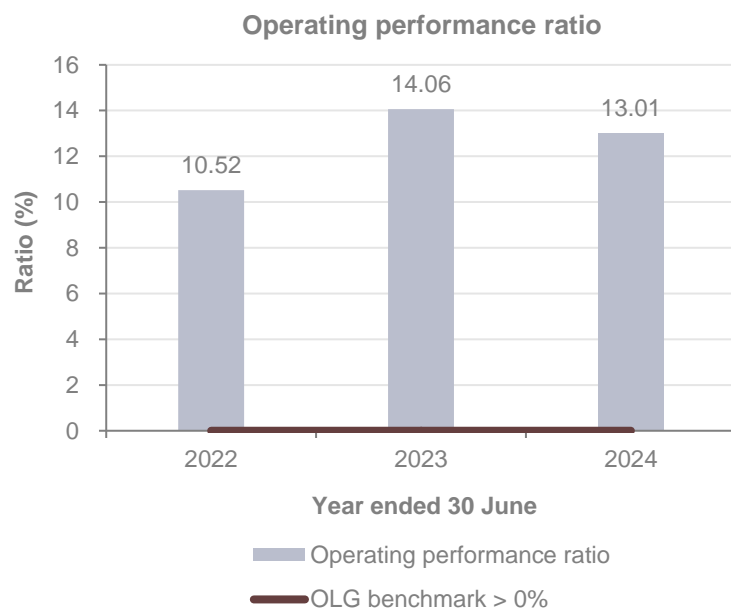
Performance measures

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

Operating performance ratio

Council met the benchmark for the current reporting period.

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

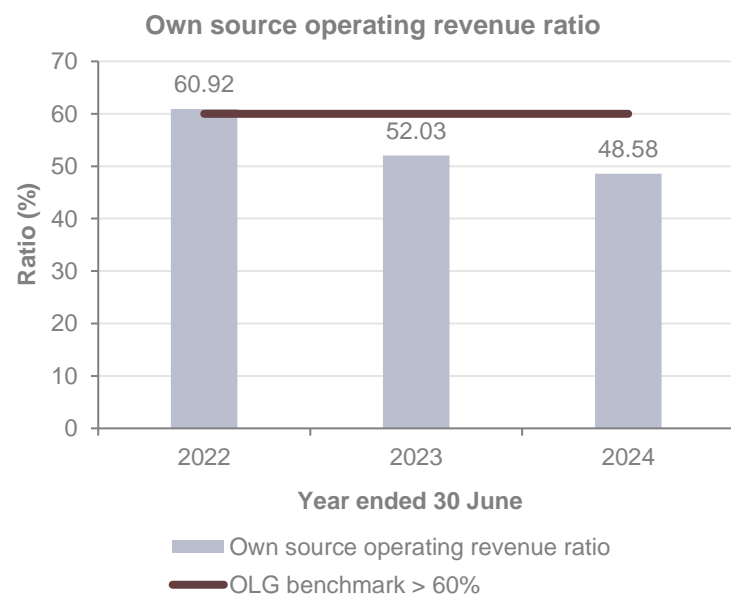


Own source operating revenue ratio

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

Council relies on external funding sources and receives a large portion of its revenue from grants and contributions.

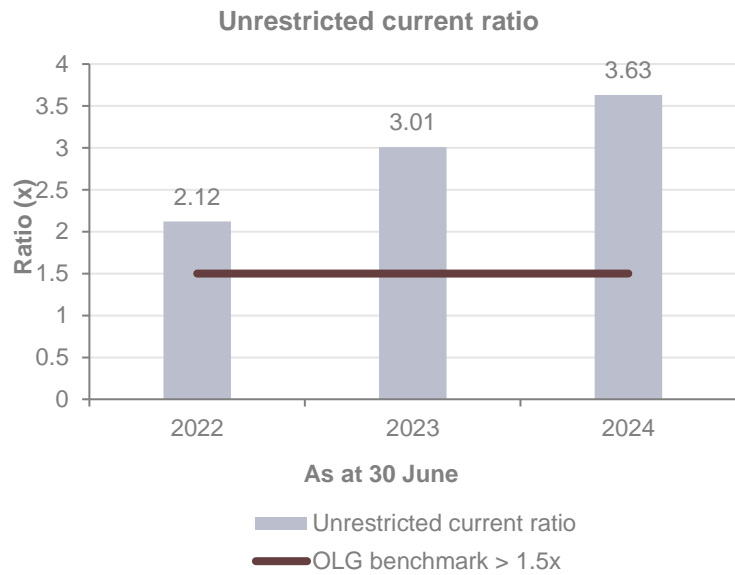
The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60%.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

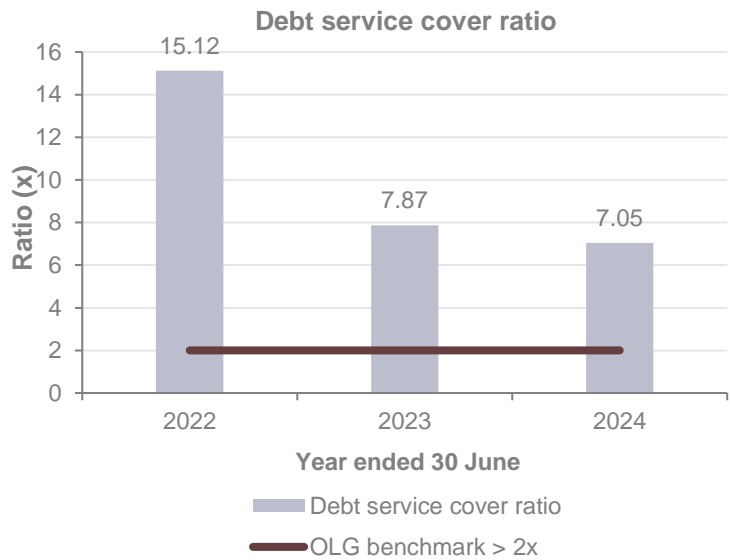
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

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

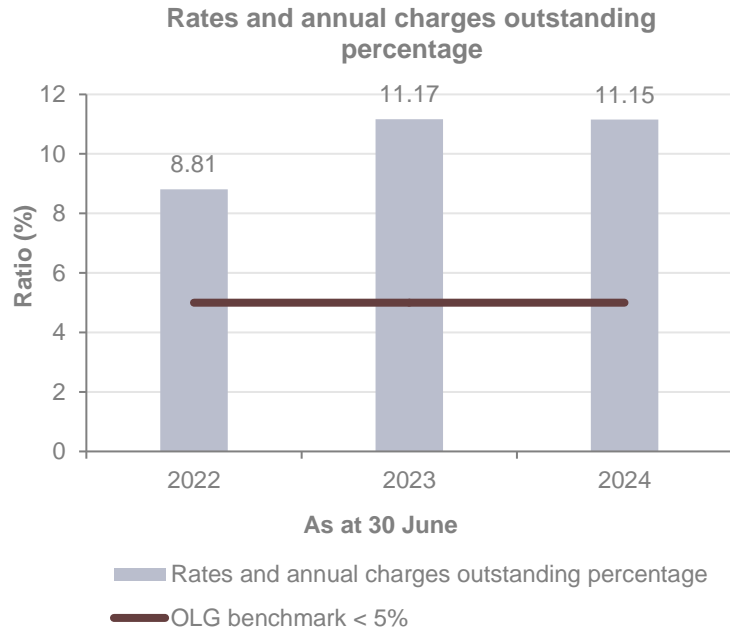


Rates and annual charges outstanding percentage

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

Management advised the ratio remains stable as outstanding rates and annual charges increased to support the community's recovery relating to flooding events over the last three years.

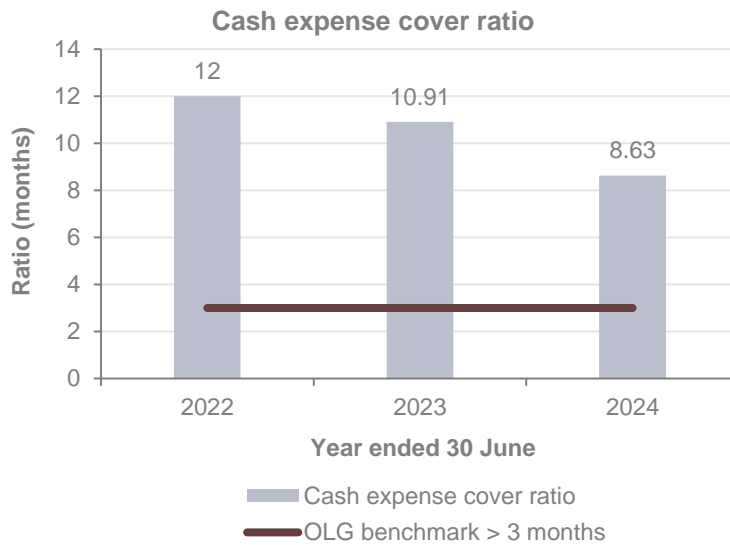
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5% for metropolitan councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$50.4 million of infrastructure, property, plant and equipment during the 2023–24 financial year. This was mainly spent on roads, sewerage network, plant and equipment and capital works in progress. A further \$39.1 million was spent on new assets.

OTHER MATTERS

Legislative compliance

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

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



Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Hawkesbury City Council

To the Councillors of Hawkesbury City Council

Opinion

I have audited the accompanying financial statements of Hawkesbury 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 the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

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 Understanding Council's Financial Statements, Note H 'Additional Council disclosures', 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/ar3.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.



Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

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Income Statement of sewerage business activity	103
Statement of Financial Position of sewerage business activity	104
Note – Material accounting policy information	105
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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).

Hawkesbury City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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 Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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

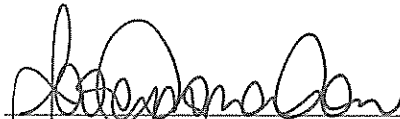
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

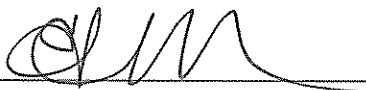
Signed in accordance with a resolution of Council made on 15 October 2024.



Les Sheather
Mayor
15 October 2024



Sarah McMahon
Deputy Mayor
15 October 2024



Elizabeth Richardson
General Manager
15 October 2024



Vanessa Browning
Responsible Accounting Officer
15 October 2024

Hawkesbury City Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 Actual \$ '000	2023 Actual \$ '000
Income from continuing operations		
Access charges	9,309	8,052
User charges	1,266	1,143
Interest and investment income	341	176
Grants and contributions provided for operating purposes	231	–
Net gain from the disposal of assets	26	–
Other income	10	215
Total income from continuing operations	11,183	9,586
Expenses from continuing operations		
Employee benefits and on-costs	1,732	1,646
Borrowing costs	1,521	803
Materials and services	6,781	12,135
Depreciation, amortisation and impairment	3,528	3,143
Net loss from the disposal of assets	–	33
Calculated taxation equivalents	36	42
Other expenses	(101)	124
Total expenses from continuing operations	13,497	17,926
Surplus (deficit) from continuing operations before capital amounts	(2,314)	(8,340)
Grants and contributions provided for capital purposes	1,670	957
Surplus (deficit) from continuing operations after capital amounts	(644)	(7,383)
Surplus (deficit) from all operations before tax	(644)	(7,383)
Surplus (deficit) after tax	(644)	(7,383)
Plus accumulated surplus	32,813	40,182
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	36	42
Less:		
– Tax equivalent dividend paid	(25)	(28)
Closing accumulated surplus	32,180	32,813
Return on capital %	(0.5)%	(4.3)%
Subsidy from Council	8,150	14,520
Calculation of dividend payable:		
Surplus (deficit) after tax	(644)	(7,383)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Hawkesbury City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 Actual \$ '000	2023 Actual \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	934	790
Investments	10,982	14,184
Receivables	1,076	1,130
Other	(21)	–
Total current assets	12,971	16,104
Non-current assets		
Right of use assets	128	–
Infrastructure, property, plant and equipment	171,089	173,713
Total non-current assets	171,217	173,713
Total assets	184,188	189,817
LIABILITIES		
Current liabilities		
Lease liabilities	20	–
Payables	3,817	3,412
Borrowings	30,817	1,386
Employee benefit provisions	501	518
Total current liabilities	35,155	5,316
Non-current liabilities		
Lease liabilities	5	–
Borrowings	–	30,542
Employee benefit provisions	41	33
Total non-current liabilities	46	30,575
Total liabilities	35,201	35,891
Net assets	148,987	153,926
EQUITY		
Accumulated surplus	32,180	32,813
Revaluation reserves	116,807	121,113
Total equity	148,987	153,926

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 2022 (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. Sewerage Service

Comprising the operations & net assets of Council's Sewerage Reticulation & Treatment Operations servicing the Hawkesbury City Council area.

Category 2

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

Nil

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):

Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (22/23 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,000 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.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE - Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 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.

Note – Material accounting policy information (continued)

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 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.

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Hawkesbury City Council

To the Councillors of Hawkesbury City Council

Opinion

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Sewerage Business Activity as at 30 June 2024, and its 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. 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 blue ink, appearing to be 'W. Liao', with a vertical line extending downwards from the end of the signature.

Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Hawkesbury City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

Hawkesbury City Council

Special Schedules

for the year ended 30 June 2024

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Hawkesbury City Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	44,563	46,418
Plus or minus adjustments ²	b	198	635
Notional general income	c = a + b	44,761	47,053
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	1,656	2,117
Sub-total	g = (c + e + f)	46,417	49,170
Plus (or minus) last year's carry forward total	h	–	(1)
Sub-total	j = (h + i)	–	(1)
Total permissible income	k = g + j	46,417	49,169
Less notional general income yield	l	46,418	49,171
Catch-up or (excess) result	m = k – l	(1)	(1)
Carry forward to next year ⁶	p = m + n + o	(1)	(1)

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).
- (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

Hawkesbury City Council

To the Councillors of Hawkesbury City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Hawkesbury 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. 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 blue ink, appearing to be 'W. Liao', with a vertical line extending downwards from the end of the signature.

Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Council Offices/ Admin Centres	–	230	1,028	32,877	59,059	80.0%	19.0%	1.0%	0.0%	0.0%
	Council Work Depot	70	400	379	12,127	21,784	23.0%	68.0%	7.0%	1.0%	1.0%
	Council Public Halls	481	727	545	17,432	31,313	31.0%	46.0%	20.0%	3.0%	0.0%
	Libraries	25	394	416	13,299	23,890	35.0%	59.0%	6.0%	0.0%	0.0%
	Cultural Facilities	298	106	135	4,305	7,734	36.0%	58.0%	2.0%	0.0%	4.0%
	Council Houses	63	93	350	11,189	20,100	0.0%	21.0%	77.0%	2.0%	0.0%
	Child Care Centres	204	195	107	3,430	6,161	14.0%	69.0%	15.0%	2.0%	0.0%
	Amenities/Toilets	1,947	859	769	24,574	44,145	18.0%	64.0%	11.0%	0.0%	7.0%
	Leisure Facilities	128	623	483	4,034	7,247	48.0%	44.0%	7.0%	1.0%	0.0%
	Other – Emergency Services	33	310	333	99	177	15.0%	63.0%	21.0%	0.0%	1.0%
	Sub-total	3,249	3,937	4,545	123,366	221,610	38.5%	44.7%	14.3%	0.8%	1.7%
Other structures	Other structures	1,105	55	1	9,526	13,579	17.0%	53.0%	21.0%	7.0%	2.0%
	Sub-total	1,105	55	1	9,526	13,579	17.0%	53.0%	21.0%	7.0%	2.0%
Roads	Sealed Roads Surface	10,616	2,877	1,807	73,229	129,274	22.0%	39.0%	21.0%	15.0%	3.0%
	Unsealed roads	1,548	1,036	1,936	27,521	34,366	16.0%	57.0%	18.0%	8.0%	1.0%
	Sealed Roads Structure	15,969	5,343	4,216	391,090	624,744	16.0%	38.0%	36.0%	9.0%	1.0%
	Bridges	294	70	70	32,351	44,635	28.0%	65.0%	4.0%	3.0%	0.0%
	Footpaths/ Cycle Ways	395	81	23	16,687	29,194	15.0%	41.0%	42.0%	2.0%	0.0%
	Kerb and Gutter	–	7	47	64,924	103,773	15.0%	57.0%	28.0%	0.0%	0.0%
	Car Park	193	58	589	13,603	21,485	12.0%	35.0%	49.0%	4.0%	0.0%
	Other road assets (incl. bulk earth works)	300	438	32	109,416	115,529	23.0%	34.0%	38.0%	4.0%	1.0%
Sub-total	29,315	9,910	8,720	728,821	1,103,000	17.7%	41.2%	32.3%	7.8%	1.0%	
Water supply network	Recycle Water Network – Reticulation	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Recycle Water Network – Treatment Plant	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%

Hawkesbury City Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	2023/24 Required maintenance ^a \$ '000	2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Sewerage network	Mains	–	127	147	16,562	24,679	55.0%	19.0%	26.0%	0.0%	0.0%
	Manholes	54	112	113	19,576	29,301	19.0%	37.0%	43.0%	1.0%	0.0%
	Reticulation	1,147	427	453	58,509	88,968	24.0%	4.0%	66.0%	6.0%	0.0%
	Pump Stations	–	629	671	23,261	31,870	39.0%	60.0%	1.0%	0.0%	0.0%
	Treatment Works	–	2,406	2,535	48,872	71,357	41.0%	40.0%	19.0%	0.0%	0.0%
	Sub-total		1,201	3,701	3,919	166,780	246,175	33.4%	27.1%	37.2%	2.3%
Stormwater drainage	Retarding Basins	–	–	3	158	186	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	–	110	253	159,498	217,892	22.0%	45.0%	33.0%	0.0%	0.0%
	Inlet and Junction Pits	–	6	16	14,351	17,991	36.0%	21.0%	43.0%	0.0%	0.0%
	Head Walls	–	3	13	1,262	1,626	29.0%	35.0%	36.0%	0.0%	0.0%
	Gross Pollutant Traps	–	39	47	4,721	6,985	71.0%	10.0%	19.0%	0.0%	0.0%
	Sub-total		–	158	332	179,990	244,680	24.5%	42.1%	33.3%	0.0%
Open space / recreational assets	Swimming pools	61	117	64	3,698	6,537	30.0%	66.0%	2.0%	2.0%	0.0%
	Open Space/Rec	1,644	3,041	2,928	28,951	42,834	17.0%	56.0%	20.0%	5.0%	2.0%
	Sub-total	1,705	3,158	2,992	32,649	49,371	18.7%	57.3%	17.6%	4.6%	1.8%

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

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	46,943	194.45%	111.88%	> 100.00%
Depreciation, amortisation and impairment ²	24,142			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	36,575	2.82%	3.01%	< 2.00%
Net carrying amount of infrastructure assets	1,297,533			
Asset maintenance ratio				
Actual asset maintenance	20,509	98.04%	104.31%	> 100.00%
Required asset maintenance	20,919			

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

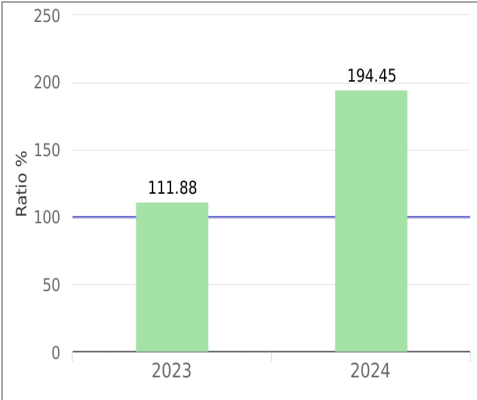
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) Impairment relates to the damage caused by the July 2022 flood. It is anticipated that the reinstatement of these assets will occur within the next two years. Removing impairment would bring this ratio to 112%.

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

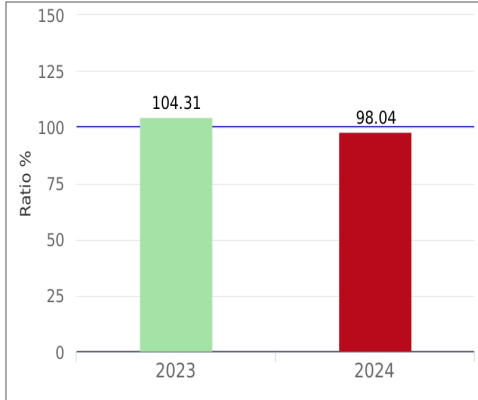
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
23/24 ratio	194.45%
The ratio has improved due to the additional work undertaken to restore assets damaged due to flooding, assisting by a range of grant funding.	
The ratio is better than the benchmark.	

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

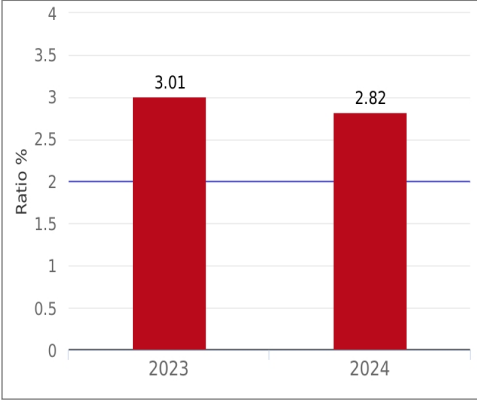
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
23/24 ratio	98.04%
The ratio indicates that Council is not investing sufficient funds in asset maintenance within the year.	
The ratio needs improvement.	

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	2.82%
The ratio indicates that Council is not meeting the required renewal to catch up on the prior year renewal shortfalls. The backlog has reduced slightly as a result of restoration of flood damaged assets.	
The ratio needs improvement.	

Benchmark: — < 2.00% ■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	211.98%	125.49%	85.03%	28.22%	> 100.00%
Depreciation, amortisation and impairment					
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3.13%	3.36%	0.72%	0.69%	< 2.00%
Net carrying amount of infrastructure assets					
Asset maintenance ratio					
Actual asset maintenance	96.35%	102.35%	105.89%	108.15%	> 100.00%
Required asset maintenance					

(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.