



CUMBERLAND
CITY COUNCIL

Financial Statements

July 2023 - June 2024

Cumberland City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Cumberland City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

16 Memorial Ave
Merrylands NSW 2160

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

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

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

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

Cumberland 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.

Cumberland City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

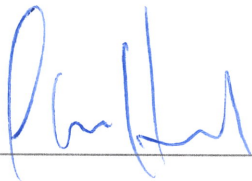
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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 11 December 2024.



Ola Hamed
Mayor

11 December 2024



Michael Zaiter
Deputy Mayor

11 December 2024



Peter J Fitzgerald
General Manager

11 December 2024



Tony Chahine
Responsible Accounting Officer

11 December 2024

Cumberland City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Restated Actual 2023
Income from continuing operations				
161,664	Rates and annual charges	B2-1	163,679	153,137
33,317	User charges and fees	B2-2	33,120	31,075
7,971	Other revenues	B2-3	8,183	6,059
19,801	Grants and contributions provided for operating purposes	B2-4	19,807	24,574
13,310	Grants and contributions provided for capital purposes	B2-4	45,441	45,299
5,708	Interest and investment income	B2-5	12,453	7,451
2,638	Other income	B2-6	5,317	3,903
—	Reversal of IPPE revaluation decrements previously expensed	B6-1	—	18,573
150	Net gain from the disposal of assets	B4-1	1,323	204
244,559	Total income from continuing operations		289,323	290,275
Expenses from continuing operations				
89,389	Employee benefits and on-costs	B3-1	89,171	81,124
89,936	Materials and services	B3-2	91,171	86,413
610	Borrowing costs	B3-3	1,045	918
43,219	Depreciation, amortisation and impairment of non-financial assets	B3-4	47,765	42,874
4,079	Other expenses	B3-5	5,107	9,065
227,233	Total expenses from continuing operations		234,259	220,394
17,326	Operating result from continuing operations		55,064	69,881
17,326	Net operating result for the year attributable to Council		55,064	69,881
4,017	Net operating result for the year before grants and contributions provided for capital purposes		9,623	24,582

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

Cumberland City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	Restated 2023
Net operating result for the year – from Income Statement		55,064	69,881
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	93,864	273,045
Total items which will not be reclassified subsequently to the operating result		93,864	273,045
Total other comprehensive income for the year		93,864	273,045
Total comprehensive income for the year attributable to Council		148,928	342,926

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

Cumberland City Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	Restated 2023	Restated 1 July 2022
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	14,644	8,596	1,322
Investments	C1-2	141,496	113,700	95,306
Receivables	C1-4	22,823	20,857	16,102
Inventories	C1-5	277	240	234
Other	C1-9	1,184	1,389	1,296
Total current assets		180,424	144,782	114,260
Non-current assets				
Investments	C1-2	83,573	99,547	91,792
Infrastructure, property, plant and equipment (IPPE)	C1-6	3,132,379	3,007,525	2,687,456
Investment property	C1-7	32,111	32,110	36,545
Intangible assets	C1-8	–	–	1,081
Right of use assets	C2-1	7,992	7,272	2,265
Total non-current assets		3,256,055	3,146,454	2,819,139
Total assets		3,436,479	3,291,236	2,933,399
LIABILITIES				
Current liabilities				
Payables	C3-1	48,437	46,441	36,488
Contract liabilities	C3-2	16,241	20,113	16,307
Lease liabilities	C2-1	2,268	2,052	1,158
Borrowings	C3-3	3,442	3,463	5,364
Employee benefit provisions	C3-4	21,872	20,984	19,497
Total current liabilities		92,260	93,053	78,814
Non-current liabilities				
Lease liabilities	C2-1	5,945	5,344	1,146
Borrowings	C3-3	13,895	17,339	20,802
Employee benefit provisions	C3-4	414	463	526
Total non-current liabilities		20,254	23,146	22,474
Total liabilities		112,514	116,199	101,288
Net assets		3,323,965	3,175,037	2,832,111
EQUITY				
Accumulated surplus		2,496,536	2,441,472	2,371,591
IPPE revaluation reserve		827,429	733,565	460,520
Total equity		3,323,965	3,175,037	2,832,111

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

Cumberland City Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		2,441,472	733,565	3,175,037	2,408,335	449,623	2,857,958
Correction of prior period errors	F3-1	–	–	–	(36,744)	10,897	(25,847)
Restated opening balance		2,441,472	733,565	3,175,037	2,371,591	460,520	2,832,111
Net operating result for the year		55,064	–	55,064	64,886	–	64,886
Correction of prior period errors	F3-1	–	–	–	4,995	–	4,995
Restated net operating result for the year		55,064	–	55,064	69,881	–	69,881
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	93,864	93,864	–	307,778	307,778
Correction of prior period errors	F3-1	–	–	–	–	(34,733)	(34,733)
Restated Other comprehensive income		–	93,864	93,864	–	273,045	273,045
Total comprehensive income		55,064	93,864	148,928	69,881	273,045	342,926
Closing balance at 30 June		2,496,536	827,429	3,323,965	2,441,472	733,565	3,175,037

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

Cumberland City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Restated Actual 2023
Cash flows from operating activities				
Receipts:				
157,524	Rates and annual charges		162,740	152,879
31,283	User charges and fees		34,358	30,057
5,766	Interest received		10,307	5,137
34,092	Grants and contributions		61,873	73,319
–	Bonds, deposits and retentions received		577	4,505
12,509	Other		26,416	7,236
Payments:				
(89,735)	Payments to employees		(88,545)	(79,700)
(88,810)	Payments for materials and services		(105,799)	(83,357)
(515)	Borrowing costs		(1,045)	(918)
(3,797)	Other		(4,543)	(1,494)
58,317	Net cash flows from operating activities	F1-1	96,339	107,664
Cash flows from investing activities				
Receipts:				
6,757	Maturity of term deposits ¹		118,036	122,630
300	Proceeds from sale of IPPE		1,361	685
Payments:				
–	Purchase of investments		–	(87)
–	Acquisition of term deposits		(128,500)	(147,477)
–	Purchase of investment property		(726)	(137)
(65,437)	Payments for IPPE		(74,625)	(69,006)
(58,380)	Net cash flows from investing activities		(84,454)	(93,392)
Cash flows from financing activities				
Payments:				
(3,464)	Repayment of borrowings		(3,465)	(5,364)
–	Principal component of lease payments		(2,372)	(1,634)
(3,464)	Net cash flows from financing activities		(5,837)	(6,998)
(3,527)	Net change in cash and cash equivalents		6,048	7,274
13,527	Plus: cash and equivalents – beginning of reporting period		8,596	1,322
10,000	Cash and cash equivalents at end of year	C1-1	14,644	8,596

(1) In prior year investment maturities were reported as a net figure. 2023 accounts have been restated to split into maturities and acquisitions.

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

Cumberland 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 11 December 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. Comparatives have been adjusted to reflect prior period adjustments. Refer Note F3-1.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through profit and loss, infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

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

Significant judgements in applying the Council's accounting policies

- (i) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

A1-1 Basis of preparation (continued)

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 activities have been included as part of the Consolidated Fund:

- General purpose operations

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, 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 Council's offices by any person free of charge.

Volunteer services

Council has volunteers working in various areas.

These volunteer services have not been recognised as income as per AASB 1058.18.

This is because the fair value of such services cannot be reliably measured and it would not have been purchased if they were not donated

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (i.e. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted all standards which were mandatorily effective from the first time at 30 June 2024.

The following amendment materially applied for the first time for Council:
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates. This Australian Accounting Standard amends AASB 101 'Presentation of Financial Statements' to require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendment has led to a reduction of accounting policy information being disclosed by Council.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Children & Youth Development	140	153	820	878	(680)	(725)	139	152	–	–
Community Development	96	41	1,482	1,271	(1,386)	(1,230)	87	33	–	–
Events and Culture	1,543	893	2,671	2,255	(1,128)	(1,362)	824	481	–	–
Libraries	911	1,075	6,025	5,844	(5,114)	(4,769)	785	955	3,871	3,880
Seniors and Disability	2,150	2,070	2,376	2,238	(226)	(168)	1,207	1,068	–	–
Education and Care	12,128	12,284	11,010	10,313	1,118	1,971	652	471	260	369
Asset Management and Asset System Support	2,636	2,712	3,983	3,214	(1,347)	(502)	1,742	1,979	–	–
Capital Works and Assets Renewal	3,455	5,058	(386)	(5,383)	3,841	10,441	3,423	5,031	1,685,720	1,526,223
Recreational Assets	3,295	3,587	6,287	5,688	(2,992)	(2,101)	9	57	12,089	8,735
Buildings Maintenance	1,839	1,598	21,562	21,861	(19,723)	(20,263)	898	1,010	383,595	431,456
Depots	480	298	2,411	3,328	(1,931)	(3,030)	3	3	4,153	3,617
City Maintenance	7,610	8,688	37,690	32,921	(30,080)	(24,233)	6,406	7,854	–	–
Open Spaces	2,734	3,907	17,571	16,220	(14,837)	(12,313)	263	1,805	1,071,502	1,061,343
Ranger Services	5,592	4,545	4,559	4,114	1,033	431	–	–	–	–
Waste Services	52,568	46,622	43,664	39,810	8,904	6,812	–	–	3,975	3,327
Development Programs	744	568	1,222	1,701	(478)	(1,133)	10	–	–	–
Environmental Health	650	772	1,826	1,989	(1,176)	(1,217)	–	65	–	–
Place and Engagement	1,156	37	2,549	922	(1,393)	(885)	1,156	36	–	–
Strategic Planning	540	5,630	2,213	2,291	(1,673)	3,339	533	5,617	–	–
Development Management	2,293	3,308	5,886	6,075	(3,593)	(2,767)	–	104	–	–
Engineering Design and Traffic Services	6,927	5,282	10,009	8,022	(3,082)	(2,740)	2,527	1,780	162	153
Environment Programs	1,552	1,298	3,210	2,975	(1,658)	(1,677)	466	803	–	–
Planning Systems	25,945	26,672	247	145	25,698	26,527	25,824	26,668	–	–
Public Spaces Planning and Design	8,770	12	713	647	8,057	(635)	8,756	1	–	–
Bookings and Community Centres	1,559	1,579	965	920	594	659	–	–	–	–
Customer Service	66	65	3,334	3,179	(3,268)	(3,114)	–	–	–	–
Information Technology	62	37	8,814	9,159	(8,752)	(9,122)	60	48	–	–
Accounting	22,512	39,693	8,385	17,390	14,127	22,303	8,581	12,983	264,936	245,868
Rates	111,935	106,447	1,936	1,789	109,999	104,658	4	–	6,983	6,265
Human Resources	7	6	2,040	2,017	(2,033)	(2,011)	–	6	–	–
Strategic Communications	–	–	1,914	1,728	(1,914)	(1,728)	–	–	–	–
Corporate Strategy and Performance	4	4	678	510	(674)	(506)	–	–	–	–

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Improvement and Implementation	–	–	313	375	(313)	(375)	–	–	–	–
Audit, Safety and Risk	460	398	3,980	3,501	(3,520)	(3,103)	131	125	–	–
Governance and Executive Support	10	12	3,770	3,591	(3,760)	(3,579)	1	–	–	–
Procurement	4	7	515	489	(511)	(482)	–	–	–	–
Property Services	6,081	4,084	602	484	5,479	3,600	–	–	–	–
General Manager's Internal Services	869	833	7,413	5,923	(6,544)	(5,090)	761	738	–	–
Other	–	–	–	–	–	–	–	–	(767)	–
Total functions and activities	289,323	290,275	234,259	220,394	55,064	69,881	65,248	69,873	3,436,479	3,291,236

B1-2 Components of functions or activities

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

Children and Youth Development

This service is responsible for the development and implementation of the Cumberland Children and Families Strategy (0 – 12 years) and the Cumberland City Youth Strategy (13 – 24 years) which inform Council's direction in relation to community programming for children, youth, and their families.

Children and Youth Development oversees the internal and external child protection functions of Council as a Child Safe Organisation.

Community Development

This service is responsible for the development and implementation of Community Development initiatives and projects across Cumberland City.

Events and Culture

This service is responsible for the development and delivery of Council's Major Cultural Events Program designed to increase social cohesion in the community.

Events and Culture provide access to arts and culture programs and initiatives for the Cumberland community.

Libraries

This service provides a network of eight modern and well-resourced libraries to promote community learning with educational, recreational and development programs.

Libraries provide residents and visitors across Cumberland City with face-to-face and online resources, events, programs and access to technology.

Seniors and Disability

This service aims to improve the lives of seniors, people living with a disability, and carers in our community through the provision of services including transportation, meals and social programs, events and implementation of Council's Disability Inclusion Action Plan.

Education and Care

This service provides high quality and inclusive programs for children aged 0 to 12 years. The programs offer a range of flexible and inclusive service options for families including Long Day Care, Out of School Hours Care, school holiday programs and Family Day Care.

Asset Management and Asset System Support

This service undertakes long-term Asset Management Planning to strategically manage Council's infrastructure assets along with maintaining the asset data and valuations to meet the expectations of the community.

Asset Management and Asset System Support is responsible for creating annual Asset Renewal Programs in alignment with Council's asset objectives, project management governance and processes for Capital Works delivery. The service facilitates projects which need to be undertaken based on utility approvals, as well as capturing and assessing street lighting requests from the community.

Capital Works and Assets Renewal

This service manages the construction of new infrastructure assets and the renewal of Council's existing assets, including roads, buildings, open space and stormwater.

Construction works are undertaken in accordance with the annual Renewal Program and the construction of any new asset is undertaken as per the needs of the community and to agreed scope and specifications within the constraints of the relevant procurement protocols. This service follows best practice Project Management and governance processes.

Recreational Assets

This service provides recreational services, facilities and programs to promote the health and wellbeing of our residents, visitors and the wider community.

The Venues team provides premium spaces for the community to hire, including; Granville Swimming Centre, Merrylands Swimming Centre, Guildford Swimming Centre, Auburn Ruth Everuss Aquatic Centre (Operated by Belgravia), Wentworthville Memorial Swimming Centre, Holroyd Centre, The Eric Tweedale Stadium and Gym and The Granville Centre.

B1-2 Components of functions or activities (continued)

Buildings Maintenance

This service provides maintenance, safety, security, compliance and cleanliness to Council's buildings and properties; including the aquatic centres, community facilities, administration buildings, childcare centres, libraries, parks and gardens.

Buildings Maintenance is responsible for cleaning, fire safety, electrical, plumbing, sanitary and security.

Depots

This service is responsible for managing and providing maintenance for Council's main two Depot sites. This is an internal service supporting the delivery of frontline services by Council staff to Council staff.

Depots covers; Fleet Management Services, Mechanical Workshop, Stores and the Sign Shop.

City Maintenance

The service is responsible for the maintenance and presentation of Cumberland City's public domain areas.

City Maintenance focuses on providing a clean and safe public area for the enjoyment of the community by providing maintenance and cleaning services across Cumberland City including the verge, footpaths, stormwater, and road networks.

Open Spaces

This service provides maintenance for Council's extensive network of parks, sportsgrounds, playgrounds, bushland, habitat corridors and recreation areas.

Open Spaces manages and operates approximately 327 passive parks, 46 sportsgrounds, 37 tennis courts, 226 playgrounds, two golf courses, 200 ha of bushland, extensive walkways and bicycle paths, BBQs, picnic shelters and park furniture.

Ranger Services

This service regulates environmental and safety standards across Cumberland City by providing a range of community focused regulatory services, including companion animals' management and parking enforcement.

Waste Services

This service provides best value residential, commercial, town centre and public park waste collection services, regular clean-up services and removal of illegally dumped rubbish across Cumberland City.

Development Programs

This service investigates and regulates unauthorised and illegal works in Cumberland City, such as, illegal building works and unauthorised land use. Development Programs are designed to protect and ensure the safety of the community.

Environmental Health

This service regulates and encourages the improvement of environmental/public health and safety standards across Cumberland City, including the regulation of food premises, skin penetration businesses, cooling water systems, the investigation and regulation of unlawful activities that have the potential to impact the environment/public health and safety.

Technical advice is also provided to key stakeholders to ensure environmental health best practice is considered during the development application process. The service provides regular support and reporting to connected state agencies such as the Western Sydney Local Health District (WSLHD), NSW Food Authority and NSW EPA.

Place and Engagement

This service actively creates opportunities for the community to be engaged in Council's activities to ensure that community feedback and insights inform decision making and promotes economic development. Local businesses are supported through programs and strong partnerships with the Local Chamber of Commerce and NSW Government.

Place and Engagement promotes, advocates and showcases Cumberland City to attract large business and industry, undertaking place making, activations and smart places initiatives to support the vibrancy and success of town centres, enhance the local areas and provide smart services.

Strategic Planning

This service is responsible for Cumberland City's strategic land use planning to enable vibrant and liveable neighbourhoods that can sustainably accommodate our housing and jobs needs. Strategic planning is to be well planned and coordinated with transport and green infrastructure to benefit residents, businesses and stakeholders.

B1-2 Components of functions or activities (continued)

Strategic planning includes district, regional and local planning policies, planning for key centres and strategic corridors across Cumberland City, and advocating for key issues, such as affordable housing, infrastructure delivery and responding to NSW State Government initiatives.

Development Management

This service undertakes development and building activities, including development assessment, building assessment, private tree assessment, development engineering assessment and planning panels.

Engineering Design and Traffic Services

This service provides technical advice and design support for a range of physical infrastructure in Cumberland City, including stormwater and drainage, flood management and traffic and transport.

Engineering design and traffic services provides investigation for traffic and transport issues that are reported to the Cumberland Local Traffic Committee.

Environment Programs

This service provides a range of environmental, planning and waste related programs and services across Cumberland City, which ensures public spaces are clean and well maintained.

Planning Systems

This service delivers a range of services including the preparation and assessment of developer-initiated planning proposals, as well as negotiation and preparation of voluntary planning agreements associated with planning proposals.

Planning systems prepares and administers local infrastructure contributions plans, prepares and issues planning certificates. In addition, the service monitors and reports on legislative and policy changes and advocates for the needs of Cumberland City.

Public Spaces Planning and Design

This service provides a range of planning and design services aimed at improving quality and amenity of Council's open space and public domain areas.

Bookings and Community Centres

This service operates Council's three staffed community centres located in Auburn, Berala, and Guildford providing residents and visitors a welcoming place to meet for a range of activities.

Bookings and Community Centres is also responsible for the day-to-day management of bookings for non-staffed community halls, passive parks, sports fields and tennis courts in addition to managing the event and filming application process.

Customer Service

This service is responsible for managing and operating Council's customer service centres, contact centres, webchat, after hours service and other Council contact channels including records management.

Customer Service also provides a mechanism to report compliments and complaints.

Information Technology

This service provides sustainable, resilient, scalable network infrastructure and desktop hardware in addition to providing service desk help and disaster recovery and management of TPG private cloud infrastructure.

Information Technology is responsible for managing all corporate information systems across all data sets throughout Council. Other functions include Geographical Information Systems (GIS) and support for corporate system implementations.

Accounting

This service has multiple responsibilities including, payroll, accounts payable, treasury and financial accounting. Additionally, Finance Business Analysts provide relevant financial information, tools, analysis and insight to support budget owners to make informed decisions while driving business strategy. The Business Analyst process is pivotal in keeping Council financially stable.

Rates

This service generates Council's main source of income which is used to provide essential infrastructure, services, facilities, programs, activities and capital works for the community.

B1-2 Components of functions or activities (continued)

Human Resources

This service is an internal service provider delivering a range of services relating to the full employment lifecycle of staff including recruitment, onboarding, learning and development, health and wellbeing, performance management and offboarding.

Human Resources is responsible for understanding organisational culture and developing strategies to address identified areas of improvement.

Strategic Communications

This service plans and delivers communications and media initiatives across Council with a high degree of professionalism and initiative while executing priority projects and campaigns in a fast-paced environment.

Corporate Strategy and Performance

This service delivers Council's Integrated Planning and Reporting (IP&R) requirements, internal performance reporting and a range of business planning and support to the wider organisation.

The focus of this service is to provide partnership and support to meet IP&R requirements and building capacity within the organisation to achieve best practice business planning and performance measurement.

Improvement and Implementation

This service works to enhance the continuous improvement culture of the organisation by reviewing services, implementing innovative technology solutions and improving the efficiency and effectiveness of Council's business processes.

Improvement and Implementation also provides technology project management services that allows the organisation to quickly and efficiently implement technology solutions that improve our customer experience. Supporting this work is a comprehensive Business Process Mapping (BPM) Program of accurately capturing Council's key business processes.

Audit, Safety and Risk

This service is responsible for monitoring, reviewing, implementing, and delivering internal controls in relation to Council's Internal Audit Program, insurance portfolio, Work Health and Safety Management System and Enterprise Risk Management Framework in accordance with legislative requirements and best practice.

Governance and Executive Support

This service oversees the operations of Council to ensure that decision-making is transparent, accountable and underpinned by good ethics, and organisational activities are free from fraud and corruption with a focus on providing effective leadership and administration.

Governance and Executive Support is responsible for planning and hosting civic ceremonies and functions and providing a high level of executive support and administration services with respect to the elected Mayor and Councillors.

Procurement

This service is responsible for the oversight and delivery of Council's Procurement activities in accordance with endorsed procedures and requirements under the Local Government Act 1993 and Local Government (General) Regulation 2021.

Property Services

This service is responsible for maximising revenue generated on Council's leased assets, and commercial assets through an ongoing review of Council's assets portfolio.

The Property Services focus is to maximise utilisation of Council's leased and licensed assets and also, play a part in activation of Cumberland City and local businesses through the approval of footpath licenses.

Property Services is required to ensure Council is undertaking property transactions in a legal manner, with the appropriate compensation paid for any burdens created over Council land such as easements.

General Manager's Internal Services

This service oversees the provision of General Counsel, Internal Ombudsman and Special Projects to ensure the effective delivery of all Council services.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	75,011	71,715
Business	36,205	34,827
Less: pensioner rebates	(2,106)	(2,089)
Rates levied to ratepayers	109,110	104,453
Pensioner rate subsidies received	1,007	1,005
Total ordinary rates	110,117	105,458
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	52,326	46,422
Stormwater management services	1,823	1,810
Less: pensioner rebates	(922)	(888)
Annual charges levied	53,227	47,344
Pensioner annual charges subsidies received:		
– Domestic waste management	335	335
Total annual charges	53,562	47,679
Total rates and annual charges	163,679	153,137

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

\$ '000	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	807	734
Other		39	40
Total specific user charges		846	774
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	556	530
Inspection services	2	563	619
Registration fees	2	81	76
Section 10.7 certificates (EP&A Act)	2	572	474
Section 603 certificates	2	413	285
Town planning	2	2,957	3,182
Other		964	38
Total fees and charges – statutory/regulatory		6,106	5,204
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aged care	2	401	365
Child care	2	11,430	11,755
Community centres	2	1,770	1,723
Lease rentals	2	1,038	1,011
Parking fees	2	259	274
Restoration charges	2	2,426	1,364
Swimming centres	2	2,147	2,369
Administration	2	35	41
Community events	2	714	402
Community services	2	887	951
Function centres	2	534	585
Other	2	254	221
Housing and community amenities	2	161	150
Libraries	2	118	109
Recreation and parks	2	2,693	2,330
Transport and communication	2	1,301	1,447
Total fees and charges – other		26,168	25,097
Total other user charges and fees		32,274	30,301
Total user charges and fees		33,120	31,075
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		33,120	31,075
Total user charges and fees		33,120	31,075

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
- (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

Material accounting policy information

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

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

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

B2-2 User charges and fees (continued)

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

B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines – parking	2	5,368	4,215
Fines – other	2	93	77
Legal fees recovery – rates and charges (extra charges)	2	178	132
Legal fees recovery – other	2	17	17
Commissions and agency fees	2	2	–
Diesel rebate	2	52	56
Insurance claims recoveries	2	317	266
Sales – general	2	89	–
Other	2	1,532	793
Vehicle lease recovery	2	517	484
Lifelong learning	2	18	19
Total other revenue		8,183	6,059
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		8,183	6,059
Total other revenue		8,183	6,059

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial Assistance Grant – general component	2	216	2,676	–	–
Payment in advance - future year allocation					
Financial Assistance Grant – general component	2	7,887	9,383	–	–
Amount recognised as income during current year		8,103	12,059	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Aged care	2	1,207	1,068	–	–
Child care	2	1	17	–	–
Community care	2	2,144	526	–	–
Economic development	1	603	166	–	–
Environmental programs	2	421	734	–	–
Heritage and cultural	1	–	51	9	14
Library	2	785	955	–	–
LIRS subsidy	2	233	345	–	–
Recreation and culture	1	–	1,614	10,690	8,775
Child care/family day care	2	617	455	–	–
Street lighting	2	699	686	–	–
Other specific grants	2	65	218	–	–
Transport (roads to recovery)	2	1,040	1,040	–	–
Transport (other roads and bridges funding)	2	1,446	1,305	–	–
Previously contributions:					
Community services	2	–	3	–	–
Heritage/cultural	1	–	–	52	–
Recreation and culture	2	–	–	–	5
Roads and bridges	1	139	82	8,563	13,000
Transport for NSW contributions (regional roads, block grant)	2	1,127	1,606	–	–
Other contributions	1	945	946	300	41
Community enhancement fund	2	191	563	–	–
Waste performance program	2	41	135	–	–
Total special purpose grants and non-developer contributions – cash		11,704	12,515	19,614	21,835
Total special purpose grants and non-developer contributions (tied)		11,704	12,515	19,614	21,835
Total grants and non-developer contributions		19,807	24,574	19,614	21,835

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Comprising:					
– Commonwealth funding		1,135	2,134	439	3,032
– State funding		17,554	20,743	18,224	12,525
– Other funding		1,118	1,697	951	6,278
		19,807	24,574	19,614	21,835

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	F4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	22,639	20,190
S 7.11 – LGA administration		2	–	–	542	467
S 7.11a – employment generation development		2	–	–	2,646	2,807
Total developer contributions – cash			–	–	25,827	23,464
Total developer contributions			–	–	25,827	23,464
Total contributions			–	–	25,827	23,464
Total grants and contributions			19,807	24,574	45,441	45,299
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,687	2,859	19,614	21,830
Grants and contributions recognised at a point in time (2)			18,120	21,715	25,827	23,469
Total grants and contributions			19,807	24,574	45,441	45,299

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unexpended Grants at the close of the previous reporting period	3,884	2,756	14,965	12,647
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,401	4,099	5,622	19,674
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,509)	(2,971)	(9,494)	(17,356)
Unspent funds at 30 June	3,776	3,884	11,093	14,965
Contributions				
Unexpended Contributions at the close of the previous reporting period	112,569	96,975	–	–
Add: contributions received and not recognised as revenue in the current year	31,747	26,495	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(14,278)	(10,901)	–	–
Unspent contributions at 30 June	130,038	112,569	–	–

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

B2-4 Grants and contributions (continued)

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	966	559
– Cash and investments	11,487	6,892
Total interest and investment income (losses)	12,453	7,451
Interest and investment income is attributable to:		
Overdue rates and annual charges (general fund)	966	559
General Council cash and investments	5,567	3,880
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11	5,920	3,012
Total interest and investment income	12,453	7,451

B2-6 Other income

\$ '000	Notes	2024	2023
Fair value increment on investment properties			
Fair value increment on investment properties		974	–
Total fair value increment on investment properties	C1-7	974	–
Rental income			
Investment properties			
Lease income		2,985	2,688
Total Investment properties		2,985	2,688
Total rental income	C2-2	2,985	2,688
Fair value increment on investments			
Fair value increment on investments through profit and loss		330	278
Fair value increment on investments (Civic Risk)		1,028	937
Total Fair value increment on investments		1,358	1,215
Total other income		5,317	3,903

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	69,658	63,790
Employee termination costs	224	260
Employee leave entitlements (ELE)	11,492	10,948
Superannuation – SGC	7,950	6,854
Superannuation – defined benefit plans	595	655
Workers' compensation insurance	2,061	1,422
Fringe benefit tax (FBT)	589	543
Protective clothing	208	157
Total employee costs	92,777	84,629
Less: capitalised costs	(3,606)	(3,505)
Total employee costs expensed	89,171	81,124

Material accounting policy information

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		14,237	13,197
Contractor costs		16,044	14,689
Waste collection and disposal fees		25,415	24,755
Facility and infrastructure management		5,433	5,949
Agency staff		947	1,063
Other contracts		2,874	2,899
Audit Fees	E2-1	216	206
Infringement notice contract costs (SEINS)		778	506
Councillor and Mayoral fees and associated expenses	E1-2	750	734
Advertising		351	340
Bank charges		452	433
Electricity and heating		2,397	2,629
Insurance		3,459	3,196
Postage		395	334
Printing and stationery		239	211
Street lighting		3,255	3,106
Subscriptions and publications		699	583
Telephone and communications		1,046	1,057
Valuation fees		326	336
Other expenses		1,921	1,709
Education programs		36	72
Community events		2,601	2,326
Information technology fees		3,947	3,618
Water rates and charges		1,947	1,329
Gas charges		152	85
Publicity, promotions, events		164	217
Legal expenses:			
– Legal expenses: planning and development		55	136
– Legal expenses: debt recovery		171	124
– Legal expenses: other		521	281
Expenses from leases of low value assets		343	293
Total materials and services		91,171	86,413

B3-3 Borrowing costs

Interest on leases	550	291
Interest on loans	495	627
Total borrowing costs expensed	1,045	918

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		1,260	1,330
Office equipment		786	688
Furniture and fittings		301	282
Infrastructure:	C1-6		
– Buildings		10,216	9,663
– Roads		14,529	11,823
– Bridges		1,191	1,101
– Footpaths		3,772	3,414
– Stormwater drainage		6,716	6,104
– Swimming pools		253	238
– Other open space/recreational assets		4,882	4,177
Right of use assets	C2-1	2,469	1,719
Other assets:			
– Library books		521	482
– Other		869	772
Intangible assets	C1-8	–	1,081
Total depreciation and amortisation costs		47,765	42,874
Total depreciation, amortisation and impairment for non-financial assets		47,765	42,874

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. Depreciation is capitalised where in-house assets have contributed to new 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

\$ '000	Notes	2024	2023 Restated
Impairment of receivables			
Other		466	706
Total impairment of receivables	C1-4	466	706
Fair value decrement on investment properties			
Fair value decrement on investment properties		–	4,572
Total fair value decrement on investment properties	C1-7	–	4,572
Other			
Contributions/levies to other levels of government			
– Department of planning levy		313	302
– NSW fire brigade levy		3,909	3,002
Donations, contributions and assistance to other organisations (Section 356)		419	483
Total other		4,641	3,787
Total other expenses		5,107	9,065

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		913	460
Less: carrying amount of property assets sold/written off		–	(481)
Gain (or loss) on disposal		913	(21)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		448	234
Less: carrying amount of plant and equipment assets sold/written off		(38)	(9)
Gain (or loss) on disposal		410	225
Net gain (or loss) from disposal of assets		1,323	204

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 21 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----
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Revenues

Capital grants and contributions	13,310	45,441	32,131	241%	F
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Council received a number of new/unbudgeted capital grants in the 2023/24 financial year. These funds were utilised in council's capital works program during the year.

Interest and investment revenue	5,708	12,453	6,745	118%	F
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Council achieved significantly higher interest returns during the 2023/24 financial year. These returns were achieved due to a combination of increasing interest rates throughout the year and council holding more cash on hand to be able to invest.

Net gains from disposal of assets	150	1,323	1,173	782%	F
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Council made a one-off property sale during the 2023/24. The gain on this sale of \$913k makes up the budget variance for gain on the sale of assets.

Other income	2,638	5,317	2,679	102%	F
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Council's other income includes gains from Council's investment in Civic Risk joint fund and fair value adjustments on council investments, which are unable to be forecast in the original budget. For the 2023/24 financial period the net result of this fund was an income of \$1.4m. These revaluations make up the budget variance for this category.

Expenses

Depreciation, amortisation and impairment of non-financial assets	43,219	47,765	(4,546)	(11)%	U
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Council had a negative budget variance on depreciation expense. This variance was the result of asset revaluations after budget setting, which increased the value of council infrastructure assets. Road asset had the largest increase in depreciation resulting from these increased values.

B6 Material Income Statement items

B6-1 Material Income Statement items

Material reversal of revaluation decrements on IPPE previously expensed

\$ '000	2024	2023
Infrastructure	–	18,573
Total material reversal of revaluation decrements on IPPE previously expensed	–	18,573
Total material reversal of revaluation decrements on IPPE previously expensed	–	18,573

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	14,644	8,596
Total cash and cash equivalents	14,644	8,596
 Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	14,644	8,596
Balance as per the Statement of Cash Flows	14,644	8,596

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	–	13,271	–	12,476
Floating rate notes	15,014	27,027	–	40,818
CivicRisk Mutual	–	7,014	–	5,986
Fixed rate bonds	2,482	5,261	4,700	6,267
Total	17,496	52,573	4,700	65,547
Debt securities at amortised cost				
Term deposits	124,000	31,000	109,000	34,000
Total	124,000	31,000	109,000	34,000
Total financial investments	141,496	83,573	113,700	99,547
Total cash assets, cash equivalents and investments	156,140	83,573	122,296	99,547

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

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 the Income Statement.

Council's financial assets measured at fair value through profit or loss comprise investments in Managed funds, FRNs, fixed rate bonds and investments in CivicRisk Mutual in the Statement of Financial Position.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	239,713	221,843
Cash, cash equivalents and investments not subject to external restrictions	74,075	75,149

External restrictions

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

Developer contributions – general	130,038	112,569
Specific purpose unexpended grants – general fund	14,746	18,725
Domestic waste management	10,733	6,837
Stormwater management	4,728	3,169
Voluntary Planning Agreements	5,393	5,394
Total external restrictions	165,638	146,694

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

\$ '000	2024	2023
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	74,075	75,149
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Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	8,499	7,293
Marrong Reserve South	3,154	3,154
Special Rate Variation	3,854	6,038
Woodville Reserve	578	628
S355 Park committee	–	439
Merrylands CBD Reserve	132	3,727
Financial Assistance Grant Reserve	7,887	9,383
CivicRisk Mutual	7,014	5,986
Property Reserve	7,293	6,657
Infrastructure reserve	24,133	20,344
Community reserve	1,531	1,500
Total internal allocations	64,075	65,149

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

** Note Voluntary Planning Agreements were previously disclosed under Internal allocations in the 2022/23 Annual Financial Statements. This reserve has been moved to External restrictions in the 2023/24 Annual Financial Statements.

\$ '000	2024	2023
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	10,000	10,000
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C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	9,682	–	8,743	–
Interest and extra charges	1,437	–	999	–
User charges and fees	6,324	–	6,636	–
Accrued revenues				
– Interest on investments	3,946	–	2,236	–
– Other income accruals	276	–	115	–
Net GST receivable	1,725	–	2,467	–
Childrens and community services	261	–	369	–
Other debtors	175	–	177	–
Total	23,826	–	21,742	–
Less: provision for impairment				
User charges and fees	(1,003)	–	(885)	–
Total provision for impairment – receivables	(1,003)	–	(885)	–
Total net receivables	22,823	–	20,857	–

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	885	482
+ new provisions recognised during the year	730	623
– amounts already provided for and written off this year	(612)	(220)
Balance at the end of the year	1,003	885

Material accounting policy information

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

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

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

Impairment

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

When 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.

C1-4 Receivables (continued)

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.

C1-5 Inventories

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
(i) Inventories				
Stores and materials	277	–	240	–
Total inventories	277	–	240	–
Total inventories	277	–	240	–

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions ¹	Additions renewals	Carrying value of disposals	Depreciation expense	WIP transfers	Other - Accounting Adjustment	Tfrs from/(to) investment properties	Revalue movements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	38,804	–	38,804	23,204	51,421	–	–	(81,379)	–	–	–	32,051	–	32,051
Plant and equipment	21,178	(17,561)	3,617	–	–	(38)	(1,260)	1,834	–	–	–	20,659	(16,506)	4,153
Office equipment	17,539	(14,426)	3,113	–	–	–	(786)	731	–	–	–	18,270	(15,213)	3,057
Furniture and fittings	6,952	(5,104)	1,848	–	–	–	(301)	–	–	–	–	6,952	(5,405)	1,547
Land:														
– Operational land	407,618	–	407,618	–	–	–	–	–	–	1,699	(19,237)	390,080	–	390,080
– Community land ²	521,886	–	521,886	–	–	–	–	–	–	–	(22,625)	499,261	–	499,261
– Land under roads (post 30/6/08)	1,268	–	1,268	–	–	–	–	–	–	–	–	1,268	–	1,268
Infrastructure:														
– Buildings	499,209	(136,985)	362,224	–	–	–	(10,216)	12,855	(11,015)	–	(3,910)	428,799	(78,861)	349,938
– Roads	1,024,916	(347,283)	677,633	–	–	–	(14,529)	29,826	4,891	–	60,263	1,152,778	(394,694)	758,084
– Bridges	92,888	(5,826)	87,062	–	–	–	(1,191)	897	–	–	4,321	98,456	(7,366)	91,090
– Footpaths	277,362	(75,605)	201,757	–	–	–	(3,772)	6,550	–	–	13,335	302,423	(84,553)	217,870
– Stormwater drainage	780,268	(259,302)	520,966	–	–	–	(6,716)	5,902	–	–	66,475	886,642	(300,015)	586,627
– Swimming pools	12,549	(3,814)	8,735	–	–	–	(253)	458	–	–	3,149	14,772	(2,683)	12,089
– Other open space/recreational assets	223,971	(58,903)	165,068	–	–	–	(4,882)	20,580	6,124	–	(7,907)	237,139	(58,156)	178,983
Other assets:														
– Library books	18,950	(15,070)	3,880	–	–	–	(521)	512	–	–	–	19,462	(15,591)	3,871
– Other	4,973	(2,927)	2,046	–	–	–	(869)	1,234	–	–	–	6,206	(3,796)	2,410
Total infrastructure, property, plant and equipment	3,950,331	(942,806)	3,007,525	23,204	51,421	(38)	(45,296)	–	–	1,699	93,864	4,115,218	(982,839)	3,132,379

(1) Renewals (\$51.4m) are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Community Land includes Crown land value of \$89m.

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions ¹	Carrying value of disposals	Depreciation expense	Impairment reversal / prior period revaluation decrements reversal (via P&L)	WIP transfers	Transfers/ Other adjustments	Revalue increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000													
Capital work in progress	19,559	–	19,559	69,015	–	–	–	(49,770)	–	–	38,804	–	38,804
Plant and equipment	21,967	(17,554)	4,413	–	(9)	(1,330)	–	543	–	–	21,178	(17,561)	3,617
Office equipment	17,199	(13,738)	3,461	–	–	(688)	–	339	–	–	17,539	(14,426)	3,113
Furniture and fittings	6,726	(4,822)	1,904	–	–	(282)	–	226	–	–	6,952	(5,104)	1,848
Land:													
– Operational land	407,400	–	407,400	–	(481)	–	–	1,745	481	(1,527)	407,618	–	407,618
– Community land ²	402,512	–	402,512	–	–	–	–	–	(481)	119,855	521,886	–	521,886
– Land under roads (post 30/6/08)	143	–	143	–	–	–	–	–	–	1,125	1,268	–	1,268
Infrastructure:													
– Buildings	463,275	(122,527)	340,748	–	–	(9,663)	–	8,967	–	22,171	499,209	(136,985)	362,224
– Roads	860,681	(266,572)	594,109	–	–	(11,823)	12,601	24,337	–	58,409	1,024,916	(347,283)	677,633
– Bridges	86,027	(4,372)	81,655	–	–	(1,101)	–	1,250	–	5,260	92,888	(5,826)	87,062
– Footpaths	253,211	(66,456)	186,755	–	–	(3,414)	–	3,109	–	15,307	277,362	(75,605)	201,757
– Stormwater drainage	712,942	(232,357)	480,585	–	–	(6,104)	5,972	4,612	–	35,901	780,268	(259,302)	520,966
– Swimming pools	11,903	(3,413)	8,490	–	–	(238)	–	48	–	436	12,549	(3,814)	8,735
– Other open space/recreational assets	198,485	(48,976)	149,509	–	–	(4,177)	–	3,627	–	16,108	223,971	(58,903)	165,068
Other assets:													
– Library books	18,388	(14,588)	3,800	–	–	(482)	–	562	–	–	18,950	(15,070)	3,880
– Other	4,568	(2,154)	2,414	–	–	(772)	–	405	–	–	4,973	(2,927)	2,046
Total infrastructure, property, plant and equipment	3,484,986	(797,529)	2,687,457	69,015	(490)	(40,074)	18,573	–	–	273,045	3,950,331	(942,806)	3,007,525

(1) Renewals (\$29.5m) are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Community Land includes Crown land valued at \$87m.

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

Material accounting policy information

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	5 to 20
Office furniture	10 to 20	Benches, seats etc	10 to 20
Vehicles	5 to 10		
Heavy plant/road making equipment	5 to 10	Buildings	
Other Plant and equipment	3 to 15	Main and superstructure	100
		Others	20 to 100
Other infrastructure assets			
Swimming pools	50	Stormwater assets	
Other open space/recreational assets	5 to 100	Drains	80 to 120
Other infrastructure	5 to 75	GPTs	20 to 60
		Pits	100
Transportation assets			
Roads surfaces	10 to 100		
Road pavements	120 to 150		
Bridges	40 to 100		
Pathways	30 to 80		
Kerbs and gutters	100		

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

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 amount. These are included in the income statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB116 Property, Plant and Equipment.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

C1-7 Investment properties

	2024	2023 Restated
\$ '000		

Owned investment property

Investment property on hand at fair value

	32,111	32,110
Total owned investment property	32,111	32,110

Owned investment property

At fair value

Opening balance at 1 July	32,110	36,545
Net gain/(loss) from fair value adjustments	974	(4,572)
Transfers to IPPE	(1,699)	—
Other movements	726	137
Closing balance at 30 June	32,111	32,110

Material accounting policy information

Investment property, comprises leased assets held for long-term rental yields and vacant land held for capital appreciation purposes and is not occupied by the Council.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	13,208	13,208
Accumulated amortisation	(13,208)	(12,127)
Net book value – opening balance	–	1,081
Movements for the year		
Amortisation charges	–	(1,081)
Closing values at 30 June		
Gross book value	13,208	13,208
Accumulated amortisation	(13,208)	(13,208)
Total software – net book value	–	–
Total intangible assets – net book value	–	–

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.

C1-9 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	1,184	–	1,389	–
Total other assets	1,184	–	1,389	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including vehicle, photocopiers, plant and equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

These leases have between 1 and 5 years remaining.

Vehicles

Council leases vehicles and equipment with lease terms varying from 1 to 5 years; the lease payments are fixed during the lease term however some of the leases include variable payments based on usage and there is generally no renewal option.

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 1 and 5 years with no renewal option, the payments are fixed,

Plant and Equipment

Leases for Plant and Equipment are generally between 1 and 5 years and the payments are fixed.

(a) Right of use assets

\$ '000	Motor Vehicles	Photocopiers	Plant & Equip	Total
2024				
Opening balance at 1 July	7,093	73	106	7,272
Additions to right-of-use assets	2,950	1	238	3,189
Depreciation charge	(2,385)	(23)	(61)	(2,469)
Balance at 30 June	7,658	51	283	7,992
2023				
Opening balance at 1 July	2,137	96	32	2,265
Additions to right-of-use assets	6,601	—	126	6,727
Depreciation charge	(1,645)	(23)	(52)	(1,720)
Balance at 30 June	7,093	73	106	7,272

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	2,268	5,945	2,052	5,344
Total lease liabilities	2,268	5,945	2,052	5,344

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	2,553	6,227	892	9,672	8,213
2023					
Cash flows	2,322	4,919	1,733	8,974	7,396

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Total lease liabilities relating to unrestricted assets	2,268	5,945	2,052	5,344
Total lease liabilities	2,268	5,945	2,052	5,344

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	550	291
Depreciation of right of use assets	2,469	1,719
Expenses relating to leases of low-value assets	343	293
	3,362	2,303

(e) Statement of Cash Flows

Total cash outflow for leases	2,372	1,634
	2,372	1,634

Material accounting policy information

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property 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:

\$ '000	2024	2023
Lease income	2,985	2,688
Total income relating to operating leases for investment property assets	2,985	2,688

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	11,045	–	9,519	–
Accrued expenses:				
– Other expenditure accruals	6,635	–	6,868	–
Security bonds, deposits and retentions	30,209	–	29,632	–
Other	548	–	422	–
Total payables	48,437	–	46,441	–

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	24,167	23,706
Total payables	24,167	23,706

Material accounting policy information

The financial liabilities of the Council comprise trade payables, bank and other loans.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,094	—	14,965	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	3,939	—	3,884	—
Total grants received in advance		15,033	—	18,849	—
Other		1,208	—	1,264	—
Total user fees and charges received in advance		1,208	—	1,264	—
Total contract liabilities		16,241	—	20,113	—

Notes

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

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

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	9,494	16,145
Operating grants (received prior to performance obligation being satisfied)	1,520	2,971
Total revenue recognised that was included in the contract liability balance at the beginning of the period	11,014	19,116

C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured ¹	3,442	13,895	3,463	17,339
Total borrowings	3,442	13,895	3,463	17,339

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in D1-1. There are no covenants relating to these loans.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	20,802	(3,465)	–	–	–	–	17,337
Lease liability (Note C2-1b)	7,396	(2,372)	3,189	–	–	–	8,213
Total liabilities from financing activities	28,198	(5,837)	3,189	–	–	–	25,550

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	26,166	(5,364)	–	–	–	–	20,802
Lease liability (Note C2-1b)	2,304	(1,635)	6,727	–	–	–	7,396
Total liabilities from financing activities	28,470	(6,999)	6,727	–	–	–	28,198

(b) Financing arrangements

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

Total facilities

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

Bank overdraft facilities ¹	1,500	1,500
Credit cards/purchase cards	125	125
Total financing arrangements	1,625	1,625

Drawn facilities

Financing facilities drawn down at the reporting date are nil.

Undrawn facilities

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

– Bank overdraft facilities	1,500	1,500
– Credit cards/purchase cards	125	125
Total undrawn financing arrangements	1,625	1,625

Additional financing arrangements information

Breaches and defaults

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

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

C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	7,782	40	7,777	33
Sick leave	368	–	400	–
Long service leave	11,507	374	11,072	430
ELE on-costs	2,215	–	1,735	–
Total employee benefit provisions	21,872	414	20,984	463
Total employee benefit provisions relating to unrestricted assets	21,872	414	20,984	463
Total employee benefit provisions	21,872	414	20,984	463

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	13,563	13,668
	13,563	13,668

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.

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 Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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 investments at amortised cost** – 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. The fair value of fixed rate borrowings and fixed rate investments at amortised cost will not approximate to carrying value. The fair value of these borrowings and investments approximates its carrying value.
- Financial assets classified (i) **at fair value through profit and loss** – 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 independent advisors.

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 it's staff 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.
- **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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates	2,326	2,170
Impact of a 10% movement in market values	6,306	6,450

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	9,375	307	9,682
2023				
Gross carrying amount	–	8,436	307	8,743

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	10,991	1,528	286	156	1,183	14,144
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	84.78%	7.09%
ECL provision	–	–	–	–	2,006	2,006
2023						
Gross carrying amount	10,965	425	203	72	1,334	12,999
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	66.34%	6.81%
ECL provision	–	–	–	–	1,770	1,770

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

(c) Liquidity risk

Payables, lease liabilities and borrowings are 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(c) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	30,209	18,228	–	–	48,437	48,437
Borrowings	2.51%	–	3,854	14,656	–	18,510	17,337
Total financial liabilities		30,209	22,082	14,656	–	66,947	65,774
2023							
Payables	0.00%	31,159	15,282	–	–	46,441	46,441
Borrowings	2.55%	–	3,967	14,906	3,605	22,478	20,802
Total financial liabilities		31,159	19,249	14,906	3,605	68,919	67,243

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment Property
- Financial investment at fair value through profit and loss

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).

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
Fair Value through profit and loss		–	–	70,069	70,247	70,069	70,247
Total financial assets		–	–	70,069	70,247	70,069	70,247
Investment property							
Investment Properties	C1-7	32,111	32,110	–	–	32,111	32,110
Total investment properties		32,111	32,110	–	–	32,111	32,110
Infrastructure, property, plant and equipment							
Operational land	C1-6	390,080	407,618	–	–	390,080	407,618
Community land		–	–	499,261	521,886	499,261	521,886
Land under roads (post 30/6/08)		–	–	1,268	1,268	1,268	1,268
Open Space / Recreational Assets		–	–	178,983	165,068	178,983	165,068
Buildings		–	–	349,938	362,224	349,938	362,224
Roads		–	–	758,084	677,633	758,084	677,633
Bridges		–	–	91,090	87,062	91,090	87,062
Footpaths		–	–	217,870	201,757	217,870	201,757
Stormwater drainage		–	–	586,627	520,966	586,627	520,966
Swimming pools		–	–	12,089	8,735	12,089	8,735
Total infrastructure, property, plant and equipment		390,080	407,618	2,695,210	2,546,599	3,085,290	2,954,217

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Financial Assets

At fair value through profit and loss are represented by managed funds, Floating rate notes, Fixed rate bonds and investment in CivicRisk mutual fund. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced from Reuters based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset. There has been no change to the valuation techniques during the reporting period. Managed funds investments valuations are sourced directly from those funds.

Investment property

A revaluation of Council's investment properties by an external valuer was performed for 30 June 2024. Land values have been determined by direct comparison to development sites in the surrounding areas. The value of buildings has been determined using the market approach (capitalisation of income, or direct comparison). This asset class is categorised as level 2 in the fair value hierarchy as the inputs used in the valuation of these assets are observable.

Infrastructure, property, plant and equipment (IPPE)

Operational Land

A revaluation of Council's operational land by an external valuer was performed for 30 June 2024 and has been determined by referencing it to current prices in an active market for similar properties. This asset class is categorised as level 2 in the fair value hierarchy as the inputs used in the valuation of these assets are observable.

Community Land

Council's community land was valued based on the Land Value (LV) provided by the Valuer-General as at 1 July 2023.

Land Under Roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. Values were determined by valuation of road segments at the average land value of properties adjoining the relevant road segment, using land valuation rates provided by the Valuer-General as at 1 July 2023.

Buildings - Non specialised and Specialised

Council's buildings were valued by an external valuer as at 30/6/2024. Cumberland City Council assets were valued based on their Depreciated Replacement Cost (2024). The Depreciated Replacement Cost was calculated by the gross replacement cost of all components for each building multiplied by the depreciation % value.

Roads, Bridges and Footpaths

The roads asset class includes roads, defined as the trafficable portion of a road, between but not including the kerb and gutter. Other road assets including Bridges, Carparks, Kerb and Gutter, Traffic facilities and Footpaths are also included. The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, and various types of water quality devices. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement.

Swimming Pools

Council's swimming pool assets were valued by an external valuer as at 30/6/2024. While some elements of gross replacement values could be supported from market evidence other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Open Space Assets

Council's open space assets were valued by an external valuer as at 30/6/2024. This valuation included asset data capture, attribution, condition assessment, estimates of remaining life, estimated replacement costs and valuation. Assets within this

D2-1 Fair value measurement (continued)

class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant and equipment, office equipment and furniture & fittings assets are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items, therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- Plant and fleet – trucks, tractors, street sweepers, trailers, commercial and passenger vehicles, minor plant and equipment items
- Office equipment – computer hardware, communications equipment, digital cameras and photocopiers
- Furniture & fittings – work stations, storage cabinets, tables and chairs.

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

Library Books

Assets included in this asset category consist of library books, e-books, online journals, magazines, CDs and DVDs which are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. 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. Whilst these assets are recognised at cost with supporting supplier invoices (observable input) the remaining significant inputs (useful life, pattern of consumption, asset condition and residual values) are unobservable and therefore categorised as level 3. There has been no change in the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The valuation process for each asset class that uses level 3 fair value measurements are discussed above in section 3.

The main unobservable (level3) inputs of useful life, pattern of consumption and asset condition are based on industry averages and historical patterns, as well as physical inspections for asset condition, and we ensure that any assets that are impaired outside of these assumptions are written off and replaced as required.

The valuations for buildings, swimming pools and open space assets have been undertaken externally in 2024, with the other valuations being assessed internally.

The external valuations are reviewed by both the Asset Management team and Finance to determine if there are any concerns that need to be addressed or clarifications made.

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Community Land	Market approach. Land values obtained from the NSW Valuer-General.	Land value, land area.
Land under Roads (post 30/6/08)	Surrounding land values obtained from the NSW Valuer-General.	Land value, land area.
Buildings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Roads	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Bridges	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value

D2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Footpaths	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Stormwater drainage	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Pools and open space recreational	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Plant, equipment, office equipment, furniture, fittings and library books	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value

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

\$ '000	Community Land		Land under Roads (post 30/6/08)		Buildings		Roads	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	521,886	402,512	1,268	143	362,224	340,748	677,633	594,109
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–	–	–	–	12,601
Recognised in other comprehensive income – revaluation surplus	(22,625)	119,855	–	1,125	(3,910)	22,171	60,263	58,409
Other movements								
Transfers from/(to) another asset class	–	(481)	–	–	–	–	–	–
Purchases (GBV)	–	–	–	–	1,840	8,968	34,717	24,337
Depreciation and impairment	–	–	–	–	(10,216)	(9,663)	(14,529)	(11,823)
Closing balance	499,261	521,886	1,268	1,268	349,938	362,224	758,084	677,633

\$ '000	Bridges		Footpaths		Stormwater drainage		Pools and open space recreational	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	87,064	81,655	201,757	186,755	520,966	480,585	173,802	157,999
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–	–	5,972	–	–
Recognised in other comprehensive income – revaluation surplus	4,321	5,260	13,335	15,307	66,475	35,901	(4,758)	16,543
Other movements								
Purchases (GBV)	897	1,250	6,550	3,109	5,902	4,612	27,162	3,675
Depreciation and impairment	(1,191)	(1,101)	(3,772)	(3,414)	(6,716)	(6,104)	(5,135)	(4,415)
Closing balance	91,091	87,064	217,870	201,757	586,627	520,966	191,071	173,802

\$ '000	Total	
	2024	2023
Opening balance	2,546,600	2,244,506
Recognised in profit or loss – realised (refer to Note B4-1)	–	18,573
Recognised in other comprehensive income – revaluation surplus	113,101	274,571
Transfers from/(to) another asset class	–	(481)
Purchases (GBV)	77,068	45,951

D2-1 Fair value measurement (continued)

\$ '000	Total	
	2024	2023
Depreciation and impairment	(41,559)	(36,520)
Closing balance	2,695,210	2,546,600

Highest and best use

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

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (Active Super) – 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 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 standard employer contribution rates are:

Division B	1.9 times employee contributions for non-180Point Members; Nil for 180 point members
Division C	2.5% salaries
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30/06/2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' 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 (prior periods were \$40.0 million per annum), apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, 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.

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$414,313.38. 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 \$281,731.27. Council's expected contribution to the plan for the next annual reporting period is \$308,176.82.

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 this deficit that is broadly attributed to Council is estimated to be in the order of \$146,366.18 as at 30 June 2024.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY23/24 2.5% per annum thereafter

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

D3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Infringement notices/fines

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

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

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	2,700	2,189
Post-employment benefits	200	164
Total	2,900	2,353

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	95	92
Councillors' fees	489	475
Councillor Superannuation	45	37
Other Councillors' expenses (including Mayor)	121	130
Total	750	734

E2 Other relationships

E2-1 Audit fees

\$ '000	2024	2023
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit of financial statements

	216	206
Total fees paid or payable to the Auditor-General	216	206

Total audit fees	216	206
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F Other matters

F1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	55,064	69,881
Add / (less) non-cash items:		
Depreciation and amortisation	47,765	42,874
(Gain) / loss on disposal of assets	(1,323)	(204)
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	–	(18,573)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value through profit and loss'	(1,358)	(1,215)
– Investment property	(974)	4,572
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,084)	(5,158)
Increase / (decrease) in provision for impairment of receivables	118	403
(Increase) / decrease of inventories	(37)	(6)
(Increase) / decrease of other current assets	205	(93)
Increase / (decrease) in payables	1,526	3,062
Increase / (decrease) in other accrued expenses payable	(233)	2,650
Increase / (decrease) in other liabilities	703	4,241
Increase / (decrease) in contract liabilities	(3,872)	3,806
Increase / (decrease) in employee benefit provision	839	1,424
Net cash flows from operating activities	96,339	107,664

(b) Non-cash investing and financing activities

Council does not use Non-cash investing and financing activities.

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	1,086	697
Open Space	5,174	15,920
Office Equipment	599	881
Drainage	945	1,161
Footpaths	37	580
Roads	1,060	8,755

Investment property

– Land	–	39
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Total commitments	8,901	28,033
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These expenditures are payable as follows:

Within the next year	8,901	28,033
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Total payable	8,901	28,033
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F3 Changes from prior year statements

F3-1 Correction of errors

As part of a review of assets classed as Investment Properties, operational land and community land in 2024 it was identified that a number of assets had been incorrectly classified between these asset classes.

These errors are mainly due to properties listed as investment properties not meeting the usage definition for this category, and parcels held as operational land that should in fact be a part of the community land asset class per Cumberland City Council's latest Local Environmental Plans and Plans of Management. These errors have been restated at the beginning of the earliest period presented (1 July 2022) and taking the adjustment through to accumulated surplus and revaluation reserves at that date.

For the investment property adjustments, these assets would have been split into operational land and buildings, however due to difficulty in reliably determining prior period valuations, these assets have been moved at the values held in Investment Property to Operational Land in the prior period corrections. A current valuation of operational land and buildings was performed as at 30 June 2024. The adjusted properties are included in this valuation and are therefore held at their correct fair value in the 2023/24 accounts. For investment property related adjustments have been made back to when the mis-allocation occurred in 2019. For operational and community land classification issues these adjustments have been made back to 2018 as this was the first year that Cumberland City had all land valued as the newly merged entity.

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

Statement of Financial Position

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Infrastructure, Property, Plant and Equipment	2,673,034	14,422	2,687,456
Investment Properties	76,814	(40,269)	36,545
Total assets	2,959,246	(25,847)	2,933,399
Total liabilities	101,288	–	101,288
Net assets	2,857,958	(25,847)	2,832,111
Accumulated Surplus	2,408,335	(36,744)	2,371,591
Revaluation Reserve	449,623	10,897	460,520
Total equity	2,857,958	(25,847)	2,832,111

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Infrastructure, Property, Plant and Equipment	3,027,836	(20,311)	3,007,525
Investment Properties	67,384	(35,274)	32,110
Total assets	3,346,821	(55,585)	3,291,236
Total liabilities	116,199	–	116,199
Net assets	3,230,622	(55,585)	3,175,037
Accumulated Surplus	2,473,221	(31,749)	2,441,472
Revaluation Reserve	757,401	(23,836)	733,565
Total equity	3,230,622	(55,585)	3,175,037

F3-1 Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Total income from continuing operations	290,275	–	290,275
Other expenses	225,389	(4,995)	220,394
Total expenses from continuing operations	225,389	(4,995)	220,394
Net operating result for the year	64,886	4,995	69,881

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Net operating result for the year	64,886	4,995	69,881
Gain (loss) on revaluation of infrastructure, property, plant and equipment	307,778	(34,733)	273,045
Other comprehensive income	307,778	(34,733)	273,045
Total comprehensive income for the year	372,664	(29,738)	342,926

F4 Statement of developer contributions

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Open space	46,354	10,485	–	–	2,259	(9,566)	–	49,532	–
Community facilities	22,294	3,387	–	–	1,211	(751)	–	26,141	–
Public domain	18,317	1,829	–	–	919	(2,425)	–	18,640	–
Parking	(1,658)	164	–	–	(79)	–	–	(1,573)	–
Merrylands town centre	–	–	–	–	–	–	–	–	–
Woodville Ward	295	81	–	–	8	(322)	–	62	–
Administration	1,583	377	–	–	83	(243)	–	1,800	–
Accessibility and traffic	2,490	204	–	–	130	(119)	–	2,705	–
Traffic facilities	8,059	4,791	–	–	559	–	–	13,409	–
Drainage	(2,432)	1,863	–	–	(67)	–	–	(636)	–
S7.11 contributions – under a plan	95,302	23,181	–	–	5,023	(13,426)	–	110,080	–
S7.12 levies – under a plan	10,339	2,646	–	–	560	(641)	–	12,904	–
Total S7.11 and S7.12 revenue under plans	105,641	25,827	–	–	5,583	(14,067)	–	122,984	–
SEPP 59 agreements	6,928	–	–	–	337	(211)	–	7,054	–
Total contributions	112,569	25,827	–	–	5,920	(14,278)	–	130,038	–

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.

F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from	
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN No. 2 (former Holroyd)										
Parking	(1,830)	164	—	—	(87)	—	—	(1,753)	—	
Open space	34,837	3,883	—	—	1,467	(9,566)	—	30,621	—	
Community facilities	13,927	664	—	—	707	(497)	—	14,801	—	
Public domain	9,605	458	—	—	462	(861)	—	9,664	—	
Drainage	(3,260)	1,518	—	—	(124)	—	—	(1,866)	—	
Administration	289	82	—	—	15	(81)	—	305	—	
Total	53,568	6,769	—	—	2,440	(11,005)	—	51,772	—	
2007 Section 94 Contribution Plan (former Auburn)										
Drainage	828	345	—	—	57	—	—	1,230	—	
Parking	172	—	—	—	8	—	—	180	—	
Community facilities	4,210	334	—	—	218	(254)	—	4,508	—	
Accessibility and traffic	2,490	204	—	—	130	(119)	—	2,705	—	
Public domain	7,611	738	—	—	381	(1,564)	—	7,166	—	
Administration	1,090	78	—	—	53	(81)	—	1,140	—	
Total	16,401	1,699	—	—	847	(2,018)	—	16,929	—	
Woodville Ward										
Woodville Ward	295	81	—	—	8	(322)	—	62	—	
Total	295	81	—	—	8	(322)	—	62	—	
Cumberland Council Plan										
Traffic facilities	8,059	4,791	—	—	559	—	—	13,409	—	
Open space	11,517	6,602	—	—	792	—	—	18,911	—	
Community facilities	4,157	2,389	—	—	286	—	—	6,832	—	
Public domain	1,101	633	—	—	76	—	—	1,810	—	
Administration	204	217	—	—	15	(81)	—	355	—	
Total	25,038	14,632	—	—	1,728	(81)	—	41,317	—	

F4-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN (former Auburn)									
Other	5,070	26	–	–	244	(641)	–	4,699	–
Total	5,070	26	–	–	244	(641)	–	4,699	–
Cumberland Council Plan									
Other	5,269	2,620	–	–	316	–	–	8,205	–
Total	5,269	2,620	–	–	316	–	–	8,205	–

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	6,434	2.68%	4.39%	3.18%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	240,227				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	220,420	77.16%	74.15%	80.37%	> 60.00%
Total continuing operating revenue ¹	285,668				
3. Unrestricted current ratio					
Current assets less all external restrictions	98,359	2.62x	2.93x	2.80x	> 1.50x
Current liabilities less specific purpose liabilities	37,477				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	55,244	8.03x	6.78x	6.16x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,882				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	11,119	6.37%	5.99%	5.62%	< 5.00%
Rates and annual charges collectable	174,565				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	169,644	9.89	10.55	8.52	> 3.00
Monthly payments from cash flow of operating and financing activities	17,147	months	months	months	months

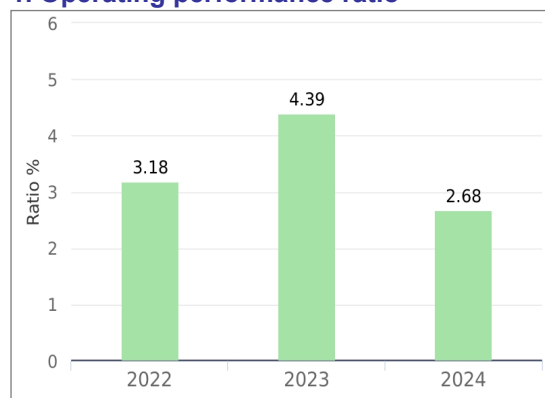
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets, net share of interests in joint ventures and associates using the equity method, Grant income reported in prior years due to changes in accounting standards 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

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio 2.68%

This indicates Council's ability to contain operating expenditure within operating revenue. This ratio has decreased for 2023/24 mainly due to a smaller percentage of financial assistance grant paid in advance. The ratio remains positive reflecting Council's commitment to maintain reasonable operating surpluses each year.

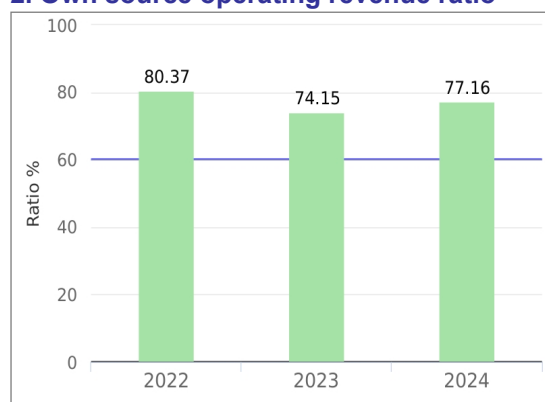
Benchmark: — > 0.00%

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 77.16%

This ratio highlights how reliant council is on grant and contribution income to fund works. The increase of this ratio in 2023/24 reflects mainly a decrease in the percentage of financial assistance grant paid in advance.

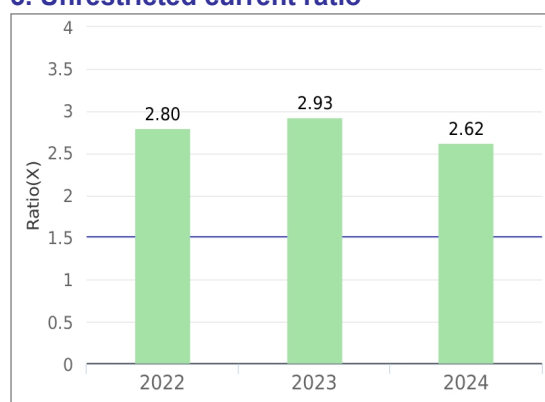
Benchmark: — > 60.00%

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 2.62x

Council continues to be above the industry benchmark of 1.5. This indicator shows Council has good liquidity and ability to repay its debts.

Benchmark: — > 1.50x

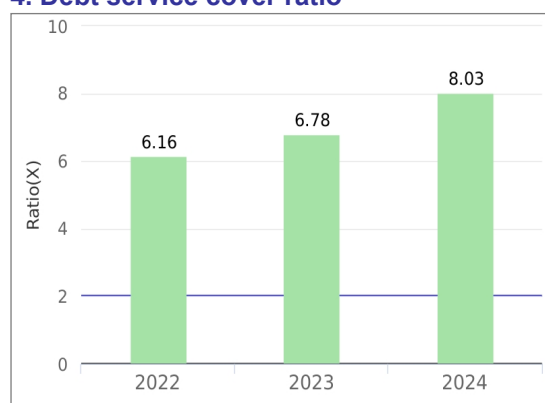
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 8.03x

This ratio indicates the ability for Council to meet debt repayments and remains well above the benchmark.

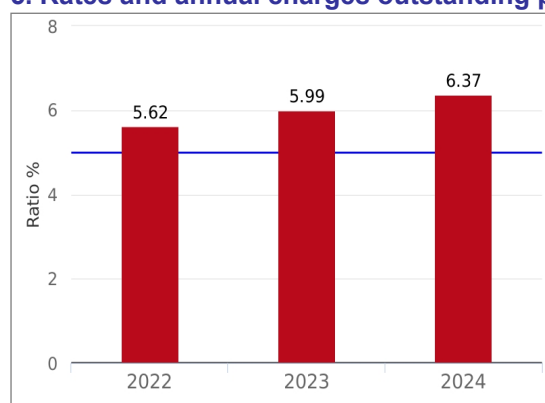
Benchmark: — > 2.00x

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 6.37%

This ratio reflects the amount of rates & annual charges that remain unpaid at 30 June 2024. This ratio has deteriorated slightly and remains outside the benchmark of 5%. Council is taking proactive steps to work with ratepayers and make arrangements with long outstanding account holders, whilst balancing cost of living pressures being experienced by our residents.

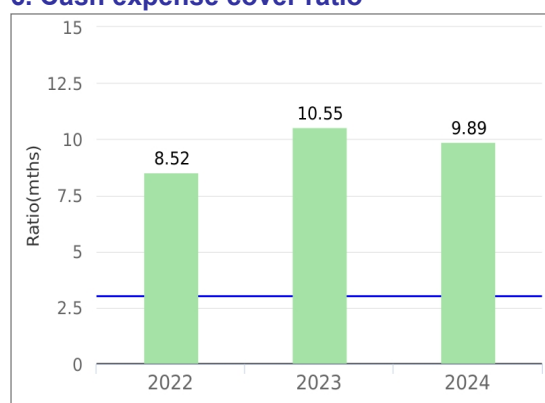
Benchmark: — < 5.00%

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 9.89 months

Council's Cash Expense Cover Ratio remains well above the benchmark of 3 months. This shows that Council can continue to pay for its immediate expenses without additional cash flow requirements.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

One-Off Adjustment Considerations in Council's financial result

The below items included in the 2023/24 operating result of Cumberland Council are one off/non recurring in nature.

One off/non-recurring items	2023/24 \$ '000
Profit on sale of assets	1,323
Share of Civic Risk result	937
Fair value adjustments on Investments (non-cash)	330
Fair value increment on Investment Properties (non-cash)	974
24/25 Federal assistance grant paid in advance	7,887
23/24 Federal assistance grant paid in prior year	- 9,383
Total one off/non-recurring amounts	2,068
Reportable net operating result before grants and contributions provided for capital purposes	9,623
Net result excluding one off/non-recurring items	7,555

G1-3 Council information and contact details

Principal place of business:

16 Memorial Ave
Merrylands NSW 2160

Contact details**Mailing Address:**

PO Box 42
Merrylands NSW 2160

Telephone: 02 8757 9000

Facsimile: 02 9840 9734

Opening hours:

8:00am - 4:30pm
Monday to Friday

Internet: www.cumberland.nsw.gov.au

Email: council@cumberland.nsw.gov.au

Officers**General Manager**

Peter J Fitzgerald

Responsible Accounting Officer

Tony Chahine

Auditors

Audit Office of NSW
GPO Box 12
Sydney NSW 2001

Elected members**Mayor**

Ola Hamed

Deputy Mayor

Michael Zaiter

Other information

ABN: 22 798 563 329



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cumberland City Council

To the Councillors of Cumberland City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

- Understanding Council's Financial Statements
- Note G Additional Council disclosures (unaudited)
- Special Purpose Financial Statements, and
- Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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



Nicky Rajani
Delegate of the Auditor-General for New South Wales

13 December 2024
SYDNEY



Clr Ola Hamed
Mayor
Cumberland City Council
16 Memorial Avenue
MERRYLANDS NSW 2160

Contact: Nicky Rajani
Phone no: 0403 743 080
Our ref: R008-2124742775-5572

13 December 2024

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Cumberland 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	163.7	153.1	6.9
Grants and contributions revenue	65.2	69.9	6.7
Operating result from continuing operations	55.1	69.9*	21.2
Net operating result before capital grants and contributions	9.6	24.6*	61.0

* The 2023 comparatives have been restated to correct a prior period error. Note F-3 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$163.7 million) increased by \$10.6 million (6.9%) in 2023–24 due to a rate peg increase of 3.7% applied for 2023-24.

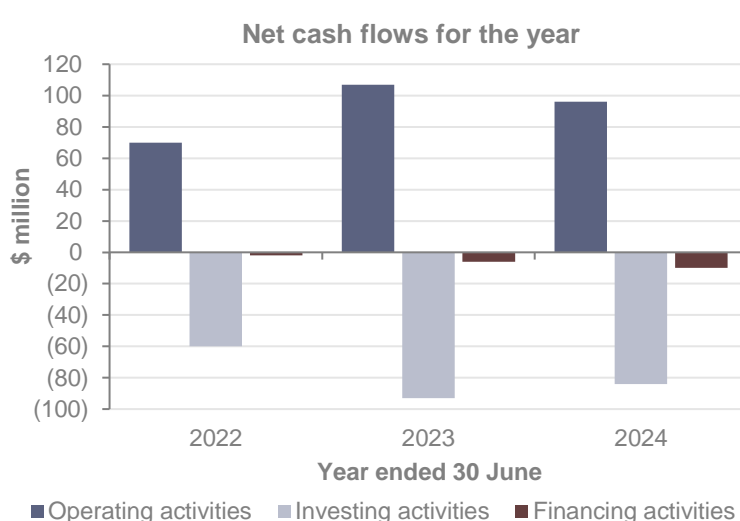
Grants and contributions revenue (\$65.2 million) decreased by \$4.7 million (6.7%) in 2023–24 primarily due to a decrease of \$4.0 million of grants for financial assistance in the current year.

Council's operating result from continuing operations (\$55.1 million including depreciation, amortisation and impairment expense of \$47.8 million) was \$14.8 million lower than the 2022–23 result. The decrease was primarily attributable to the reversal of revaluation of Infrastructure, Property, Plant and Equipment (IPPE) decrement previously expensed of \$18.6 million, which was recorded as income in 2023 and was Nil in the current year.

The net operating result before capital grants and contributions (\$9.6 million) was \$15.0 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

- Net cash inflows from operating activities decreased by \$11.4 million as growth in revenue receipts was lower than the growth in payments.
- Net cash outflows from investing activities decreased by \$8.9 million due to the net reduction in acquisition of term deposits.
- Net cash outflows from financing activities decreased by \$1.2 million due to a decrease in repayment of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	239.7	221.8	<ul style="list-style-type: none"> • Externally restricted balances comprise mainly of \$130 million of developer contributions. The increase in these balances is primarily attributable to the increase in developer contributions of \$17.4 million. • Internal allocations are determined by Council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	165.6	146.7	
• Internal allocations	64.1	65.1	

Debt

At 30 June 2024, the Council had:

- \$17.3 million in secured loans (\$20.9 million as at 30 June 2023)
- \$1.5 million in approved overdraft facility with nil drawn down.
- \$0.1 million in credit card facility with nil used.

PERFORMANCE

Performance measures

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

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

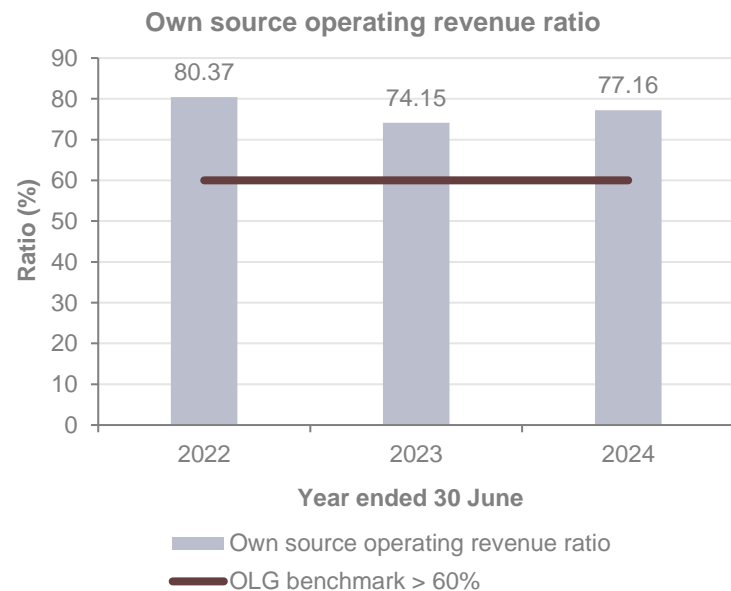
The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council exceeded the benchmark for the current reporting period.

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

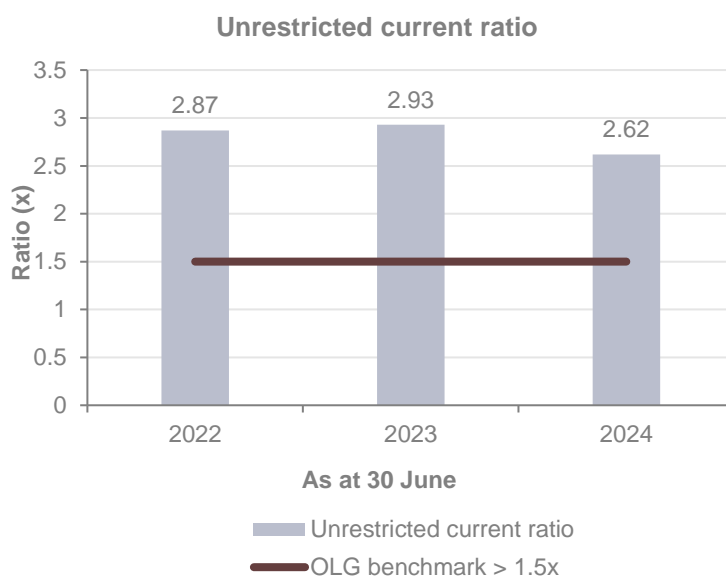


Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

The 2023 and 2022 ratios were restated to correct a prior period error. Voluntary Planning Agreements balance was reported as Internal allocation instead of External restrictions, which was corrected in the current year and 2023 and 2022 ratios were restated.

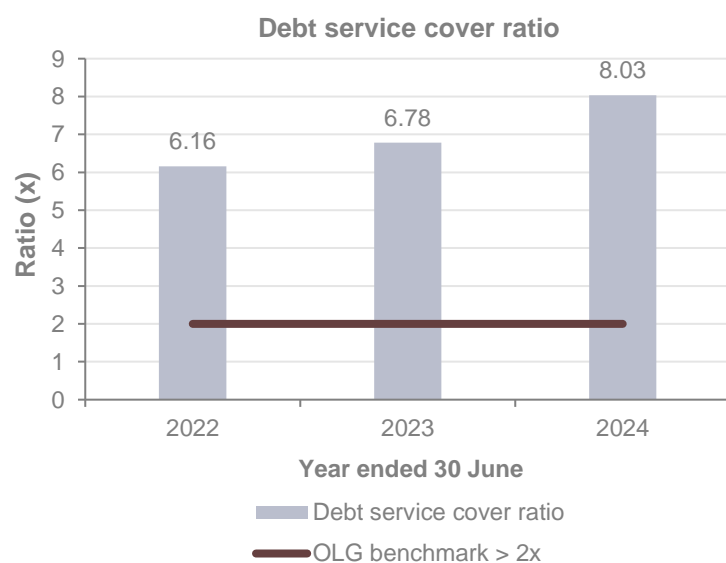
The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

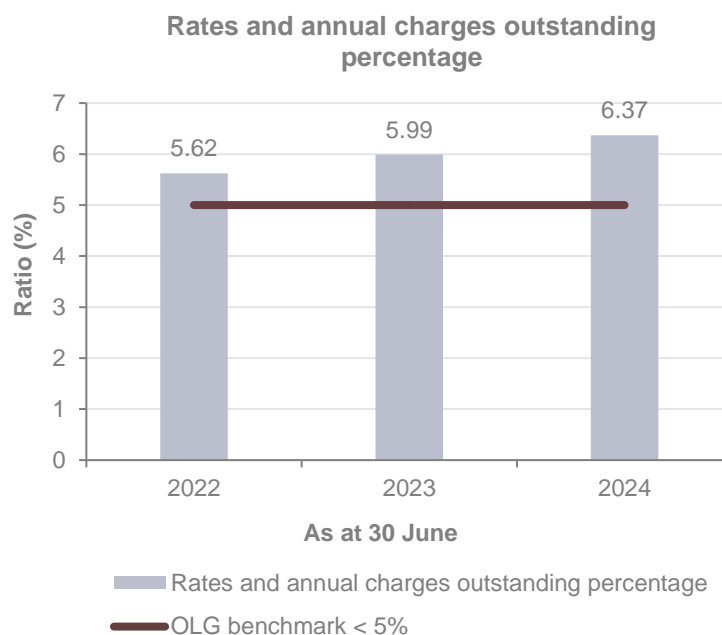
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

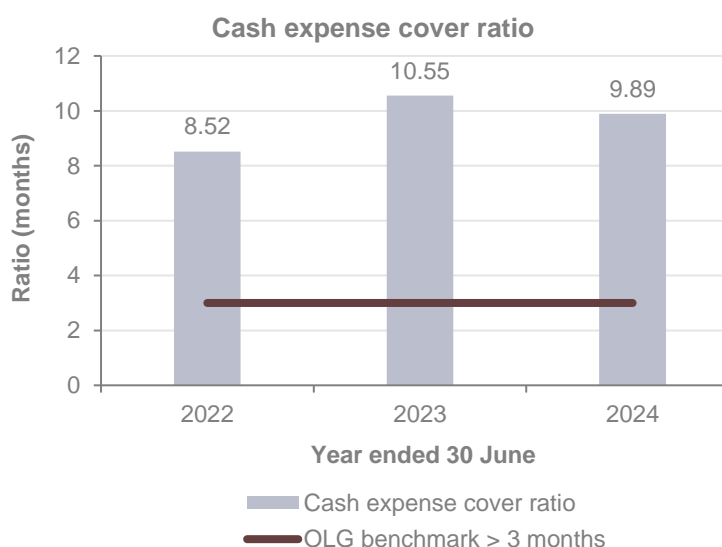
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5% for metropolitan councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than 3 months.



Infrastructure, property, plant and equipment renewals

Council renewed \$51.4 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was classified as Capital work in progress in the financial statements.

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.



Nicky Rajani
Delegate of the Auditor-General for New South Wales

Cumberland City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



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Cumberland City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

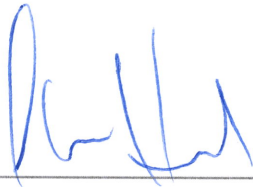
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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 11 December 2024.



Ola Hamed
Mayor
11 December 2024



Michael Zaiter
Deputy Mayor
11 December 2024



Peter J Fitzgerald
General Manager
11 December 2024



Tony Chahine
Responsible Accounting Officer
11 December 2024

Cumberland City Council

Income Statement of Golf Course

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	1,466	1,273
Grants and contributions provided for operating purposes	2	2
Other income	4	6
Total income from continuing operations	1,472	1,281
Expenses from continuing operations		
Employee benefits and on-costs	604	549
Materials and services	436	408
Depreciation, amortisation and impairment	202	180
Calculated taxation equivalents	299	248
Internal Overhead Expenses	17	17
Total expenses from continuing operations	1,558	1,402
Surplus (deficit) from continuing operations before capital amounts	(86)	(121)
Surplus (deficit) from continuing operations after capital amounts	(86)	(121)
Surplus (deficit) from all operations before tax	(86)	(121)
Surplus (deficit) after tax	(86)	(121)
Plus accumulated surplus	25,609	22,909
Plus/less: other adjustments	500	2,573
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	299	248
Closing accumulated surplus	26,322	25,609
Return on capital %	(0.3)%	(0.5)%
Subsidy from Council	1,222	907

Cumberland City Council

Income Statement of Aged Care Units

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	387	353
Total income from continuing operations	387	353
Expenses from continuing operations		
Materials and services	122	129
Depreciation, amortisation and impairment	355	333
Calculated taxation equivalents	307	224
Total expenses from continuing operations	784	686
Surplus (deficit) from continuing operations before capital amounts	(397)	(333)
Surplus (deficit) from continuing operations after capital amounts	(397)	(333)
Surplus (deficit) from all operations before tax	(397)	(333)
Surplus (deficit) after tax	(397)	(333)
Plus accumulated surplus	23,956	27,326
Plus/less: other adjustments	(6,171)	(3,261)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	307	224
Closing accumulated surplus	17,695	23,956
Return on capital %	(2.2)%	(1.4)%
Subsidy from Council	1,157	1,071

Cumberland City Council

Income Statement of Function Centres

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	1,087	1,075
Other income	5	26
Internal Income	448	433
Total income from continuing operations	1,540	1,534
Expenses from continuing operations		
Employee benefits and on-costs	944	884
Materials and services	492	517
Depreciation, amortisation and impairment	738	690
Calculated taxation equivalents	59	45
Internal Overhead Expenses	179	303
Total expenses from continuing operations	2,412	2,439
Surplus (deficit) from continuing operations before capital amounts	(872)	(905)
Surplus (deficit) from continuing operations after capital amounts	(872)	(905)
Surplus (deficit) from all operations before tax	(872)	(905)
Surplus (deficit) after tax	(872)	(905)
Plus accumulated surplus	27,542	2,911
Plus/less: other adjustments	(4,534)	25,491
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	59	45
Closing accumulated surplus	22,195	27,542
Return on capital %	(3.9)%	(3.3)%
Subsidy from Council	1,839	1,978

Cumberland City Council

Income Statement of Swim Centres

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	2,147	2,369
Grants and contributions provided for operating purposes	1	39
Other income	677	379
Total income from continuing operations	2,825	2,787
Expenses from continuing operations		
Employee benefits and on-costs	4,323	2,894
Materials and services	2,289	2,381
Depreciation, amortisation and impairment	1,179	1,065
Calculated taxation equivalents	244	161
Internal Overhead Expenses	608	602
Total expenses from continuing operations	8,643	7,103
Surplus (deficit) from continuing operations before capital amounts	(5,818)	(4,316)
Surplus (deficit) from continuing operations after capital amounts	(5,818)	(4,316)
Surplus (deficit) from all operations before tax	(5,818)	(4,316)
Surplus (deficit) after tax	(5,818)	(4,316)
Plus accumulated surplus	53,887	54,511
Plus/less: other adjustments	22,528	3,531
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	244	161
Closing accumulated surplus	70,841	53,887
Return on capital %	(8.2)%	(8.0)%
Subsidy from Council	8,869	6,413

Cumberland City Council

Income Statement of Long Day Care

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	8,836	9,041
Grants and contributions provided for operating purposes	558	438
Other income	6	8
Total income from continuing operations	9,400	9,487
Expenses from continuing operations		
Employee benefits and on-costs	7,510	7,073
Materials and services	474	284
Depreciation, amortisation and impairment	283	263
Calculated taxation equivalents	529	451
Internal Property & Overhead Expenses	3,266	3,417
Total expenses from continuing operations	12,062	11,488
Surplus (deficit) from continuing operations before capital amounts	(2,662)	(2,001)
Surplus (deficit) from continuing operations after capital amounts	(2,662)	(2,001)
Surplus (deficit) from all operations before tax	(2,662)	(2,001)
Surplus (deficit) after tax	(2,662)	(2,001)
Plus accumulated surplus	27,888	27,913
Plus/less: other adjustments	3,782	1,525
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	529	451
Closing accumulated surplus	29,537	27,888
Return on capital %	(8.6)%	(6.9)%
Subsidy from Council	3,988	3,036

Cumberland City Council

Statement of Financial Position of Golf Course

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	26,430	25,715
Total non-current assets	26,430	25,715
Total assets	26,430	25,715
LIABILITIES		
Current liabilities		
Payables	35	39
Employee benefit provisions	38	47
Total current liabilities	73	86
Non-current liabilities		
Employee benefit provisions	35	20
Total non-current liabilities	35	20
Total liabilities	108	106
Net assets	26,322	25,609
EQUITY		
Accumulated surplus	26,322	25,609
Total equity	26,322	25,609

Cumberland City Council

Statement of Financial Position of Aged Care Units

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Receivables	19	20
Total current assets	19	20
Non-current assets		
Infrastructure, property, plant and equipment	17,676	23,936
Total non-current assets	17,676	23,936
Total assets	17,695	23,956
Net assets	17,695	23,956
EQUITY		
Accumulated surplus	17,695	23,956
Total equity	17,695	23,956

Cumberland City Council

Statement of Financial Position of Function Centres

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Receivables	36	48
Total current assets	36	48
Non-current assets		
Infrastructure, property, plant and equipment	22,492	27,799
Total non-current assets	22,492	27,799
Total assets	22,528	27,847
LIABILITIES		
Current liabilities		
Payables	10	6
Employee benefit provisions	101	107
Total current liabilities	111	113
Non-current liabilities		
Employee benefit provisions	222	194
Total non-current liabilities	222	194
Total liabilities	333	307
Net assets	22,195	27,540
EQUITY		
Accumulated surplus	22,195	27,542
Total equity	22,195	27,542

Cumberland City Council

Statement of Financial Position of Swim Centres

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Receivables	123	256
Total current assets	123	256
Non-current assets		
Infrastructure, property, plant and equipment	70,952	53,876
Total non-current assets	70,952	53,876
Total assets	71,075	54,132
LIABILITIES		
Current liabilities		
Payables	8	53
Employee benefit provisions	74	66
Total current liabilities	82	119
Non-current liabilities		
Employee benefit provisions	152	126
Total non-current liabilities	152	126
Total liabilities	234	245
Net assets	70,841	53,887
EQUITY		
Accumulated surplus	70,841	53,887
Total equity	70,841	53,887

Cumberland City Council

Statement of Financial Position of Long Day Care

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Receivables	174	250
Total current assets	174	250
Non-current assets		
Infrastructure, property, plant and equipment	30,827	29,010
Total non-current assets	30,827	29,010
Total assets	31,001	29,260
LIABILITIES		
Current liabilities		
Payables	21	20
Employee benefit provisions	627	563
Total current liabilities	648	583
Non-current liabilities		
Employee benefit provisions	816	676
Total non-current liabilities	816	676
Total liabilities	1,464	1,259
Net assets	29,537	28,001
EQUITY		
Accumulated surplus	29,537	27,888
Total equity	29,537	27,888

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Child Care

Provision of Child Long Day Care Service

b. Swimming Centres

Provision of Swimming Centre Activities

Category 2

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

a. Golf Course

Provision for generating income through the operation of a Golf Course

b. Aged Care Units

Provision of accommodation for aged services

c. Function Centres

Hall Hire for functions, including catering

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.

Note – Material accounting policy information (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

Income tax

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

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

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

Income tax is only applied where a gain 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.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Note – Material accounting policy information (continued)

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

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

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Cumberland City Council

To the Councillors of Cumberland City Council

Opinion

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

The Declared Business Activities of the Council are:

- Golf Course
- Aged Care Units
- Function Centres
- Swim Centres
- Long Day Care

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Nicky Rajani', with a stylized flourish underneath.

Nicky Rajani
Delegate of the Auditor-General for New South Wales

13 December 2024
SYDNEY

Cumberland City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



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Report on infrastructure assets as at 30 June 2024	7

Cumberland City Council

Permissible income for general rates (Merger Councils)

		2023/24	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25	2024/25
		Former Auburn City Council	Former Holroyd City Council	Former Parramatta City Council	Cumberland Council	Former Auburn City Council	Former Holroyd City Council	Former Parramatta City Council	Cumberland Council
\$ '000	Notes								
Notional general income calculation ¹									
Last year notional general income yield	a	32,150	59,124	14,972	106,246	33,731	60,712	15,645	110,088
Plus or minus adjustments ²	b	(193)	(766)	(76)	(1,035)	886	527	22	1,435
Notional general income	c = a + b	31,957	58,358	14,896	105,211	34,617	61,239	15,667	111,523
Permissible income calculation									
Percentage increase ³	d	3.70%	3.70%	3.70%		5.00%	5.00%	5.00%	
Plus percentage increase amount	f = d x (c + e)	1,182	2,159	551	3,892	1,731	3,062	783	5,576
Sub-total	g = (c + e + f)	33,139	60,517	15,447	109,103	36,348	64,301	16,450	117,099
Plus (or minus) last year's carry forward total	h	(3,960)	3,804	977	821	(4,552)	3,609	779	(164)
Sub-total	j = (h + i)	(3,960)	3,804	977	821	(4,552)	3,609	779	(164)
Total permissible income	k = g + j	29,179	64,321	16,424	109,924	31,796	67,910	17,229	116,935
Less notional general income yield	l	33,731	60,712	15,645	110,088	36,991	63,284	15,970	116,245
Catch-up or (excess) result	m = k - l	(4,552)	3,609	779	(164)	(5,195)	4,626	1,260	691
Carry forward to next year ⁶	p = m + n + o	(4,552)	3,609	779	(164)	(5,195)	4,626	1,260	691

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.
- (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 *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Cumberland City Council

To the Councillors of Cumberland City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Cumberland 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 black ink, appearing to read 'Nicky Rajani', with a stylized flourish underneath.

Nicky Rajani
Delegate of the Auditor-General for New South Wales

13 December 2024
SYDNEY

Cumberland City Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	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	\$ '000	1	2	3	4	5
Buildings	Buildings	15,496	23,526	7,482	7,857	349,938	428,799	29.6%	26.4%	36.6%	5.7%	1.7%
	Sub-total	15,496	23,526	7,482	7,857	349,938	428,799	29.6%	26.4%	36.6%	5.7%	1.7%
Roads	Roads	31,619	57,380	8,314	11,604	545,112	747,136	39.6%	38.1%	13.0%	8.0%	1.3%
	Bridges	110	263	509	–	91,091	98,456	86.9%	12.5%	0.4%	0.3%	0.0%
	Kerbs	–	–	4,687	–	166,903	328,153	1.2%	6.0%	92.8%	0.0%	0.0%
	Footpaths	3,121	7,490	2,454	409	217,870	302,423	6.6%	71.7%	19.1%	2.6%	0.1%
	Car Parks	–	–	193	–	10,914	16,630	28.2%	5.8%	66.0%	0.0%	0.0%
	Public Transport Shelters	891	2,139	111	–	306	2,238	0.4%	0.0%	0.0%	99.6%	0.0%
	Signs	–	–	3	–	369	583	24.7%	75.3%	0.0%	0.0%	0.0%
	Street Furniture	–	–	74	–	5,353	7,766	38.8%	15.3%	45.9%	0.0%	0.0%
	Traffic Management Devices	800	1,920	639	–	24,119	43,841	16.0%	6.0%	73.3%	4.6%	0.2%
	Retaining Walls	–	–	95	–	4,891	6,311	0.0%	0.0%	100.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	1	–	117	119	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	36,541	69,192	17,080	12,013	1,067,044	1,553,656	27.0%	34.7%	33.0%	4.6%	0.7%
Stormwater drainage	Stormwater drainage	24,260	42,608	4,942	615	513,826	774,669	32.4%	53.1%	7.6%	5.7%	1.1%
	Stormwater GPT	144	346	77	–	9,217	10,950	72.8%	0.9%	23.1%	3.3%	0.0%
	Stormwater Pits	6,761	12,890	1,454	–	63,584	101,023	13.1%	44.7%	27.3%	13.3%	1.7%
	Sub-total	31,165	55,844	6,473	615	586,627	886,642	30.7%	51.5%	10.1%	6.6%	1.1%
Open space / recreational assets	Swimming pools	89	217	91	745	12,090	14,772	45.0%	48.7%	4.9%	1.5%	0.0%
	Park Infrastructure	4,918	8,887	1,448	10,683	101,796	145,080	23.3%	35.6%	33.7%	6.3%	1.1%
	Park active Areas	1,569	3,806	773	–	62,002	74,582	24.1%	45.2%	24.9%	5.3%	0.6%
	Bins	26	53	48	–	890	890	16.9%	40.3%	36.0%	6.2%	0.6%
	Open Space Furniture	687	997	183	–	14,294	16,587	37.3%	28.4%	26.0%	6.2%	2.1%
	Sub-total	7,289	13,960	2,543	11,428	191,072	251,911	25.7%	38.7%	28.9%	5.7%	1.0%
Total – all assets		90,491	162,522	33,578	31,913	2,194,681	3,121,008	28.3%	38.6%	26.7%	5.4%	1.0%

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

Cumberland City Council

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

Infrastructure asset condition assessment 'key'

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

Cumberland City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	51,421	123.73%	124.17%	89.37%	> 100.00%
Depreciation, amortisation and impairment	41,559				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	90,491	4.06%	4.01%	4.86%	< 2.00%
Net carrying amount of infrastructure assets	2,226,732				
Asset maintenance ratio					
Actual asset maintenance	31,913	95.04%	94.03%	99.52%	> 100.00%
Required asset maintenance	33,578				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	162,522	5.21%	5.27%	6.27%	
Gross replacement cost	3,121,008				

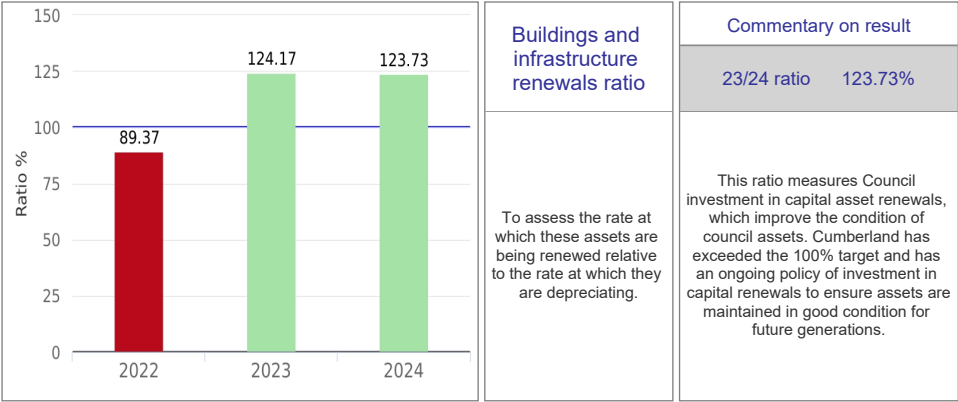
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Cumberland City Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



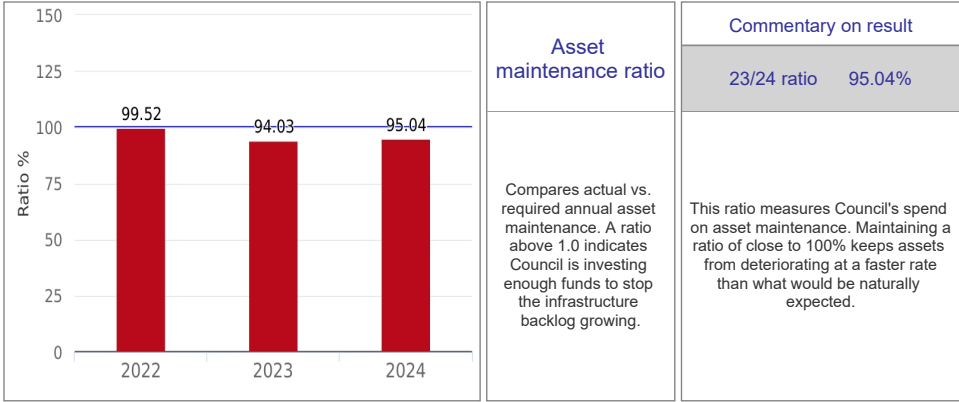
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



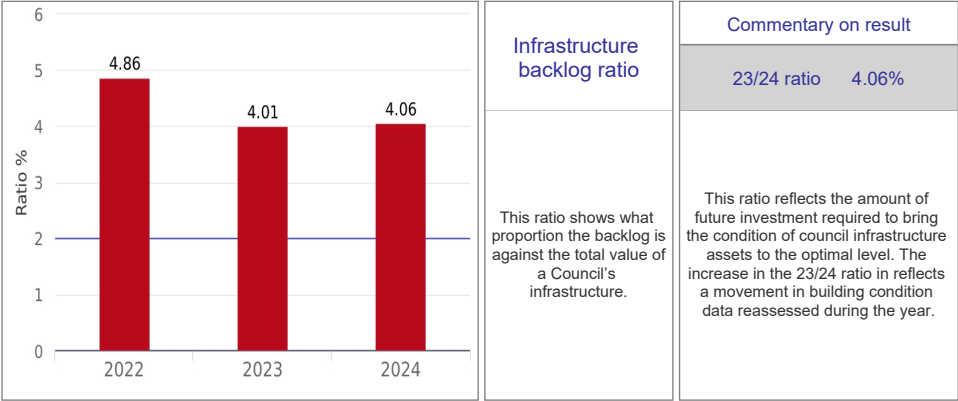
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level

