

GENERAL PURPOSE

# Financial Statements

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1 July 2020 - 30 June 2021

# Cumberland City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Cumberland City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

Cumberland 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](http://www.cumberland.nsw.gov.au).

# Cumberland City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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



# Cumberland City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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

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

- the *Local Government Act 1993* (NSW) (as amended) 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 3 November 2021.



Steve Christou

**Mayor**

03 November 2021



Michael Zaiter

**Deputy Mayor**

03 November 2021



Peter J Fitzgerald

**General Manager**

03 November 2021



Richard Sheridan

**Responsible Accounting Officer**

03 November 2021

# Cumberland City Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
142,198	Rates and annual charges	B2-1	143,565	134,572
31,377	User charges and fees	B2-2	28,131	24,131
7,189	Other revenue	B2-3	7,326	11,046
17,196	Grants and contributions provided for operating purposes	B2-4	21,286	30,775
18,812	Grants and contributions provided for capital purposes	B2-4	26,233	16,727
3,068	Interest and investment income	B2-5	2,867	3,477
3,508	Other income	B2-6	6,590	5,741
350	Net gains from the disposal of assets	B4-1	421	479
223,698	<b>Total income from continuing operations</b>		<b>236,419</b>	226,948
<b>Expenses from continuing operations</b>				
85,453	Employee benefits and on-costs	B3-1	79,427	80,460
80,914	Materials and services	B3-2	76,908	75,251
1,030	Borrowing costs	B3-3	1,189	1,330
33,579	Depreciation, amortisation and impairment for non-financial assets	B3-4	37,226	34,794
–	Revaluation decrements of IPPE	B3-4	71,595	–
3,346	Other expenses	B3-5	3,325	4,069
204,322	<b>Total expenses from continuing operations</b>		<b>269,670</b>	195,904
19,376	<b>Operating result from continuing operations</b>		<b>(33,251)</b>	31,044
19,376	<b>Net operating result for the year attributable to Council</b>		<b>(33,251)</b>	31,044
565	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(59,484)</b>	14,317

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 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>(33,251)</b>	<b>31,044</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>81,399</b>	100,825
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>81,399</b>	100,825
<b>Total other comprehensive income for the year</b>		<b>81,399</b>	100,825
<b>Total comprehensive income for the year attributable to Council</b>		<b>48,148</b>	131,869

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 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	17,077	15,940
Investments	C1-2	81,092	62,113
Receivables	C1-4	16,965	13,912
Inventories	C1-5	216	208
Other		1,091	1,033
<b>Total current assets</b>		<b>116,441</b>	<b>93,206</b>
<b>Non-current assets</b>			
Investments	C1-2	65,334	57,645
Infrastructure, property, plant and equipment	C1-6	2,483,217	2,452,095
Investment property	C1-7	72,859	70,285
Intangible Assets	C1-8	3,015	5,044
Right of use assets	C2-1	1,852	2,148
Investments accounted for using the equity method	D1-2,D1-3	-	4,872
<b>Total non-current assets</b>		<b>2,626,277</b>	<b>2,592,089</b>
<b>Total assets</b>		<b>2,742,718</b>	<b>2,685,295</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	34,407	32,155
Contract liabilities	C3-2	15,485	3,445
Lease liabilities	C2-1	813	1,117
Borrowings	C3-3	5,218	4,585
Employee benefit provisions	C3-4	20,065	20,173
<b>Total current liabilities</b>		<b>75,988</b>	<b>61,475</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	1,075	1,070
Borrowings	C3-3	26,166	31,399
Employee benefit provisions	C3-4	211	221
<b>Total non-current liabilities</b>		<b>27,452</b>	<b>32,690</b>
<b>Total liabilities</b>		<b>103,440</b>	<b>94,165</b>
<b>Net assets</b>		<b>2,639,278</b>	<b>2,591,130</b>
<b>EQUITY</b>			
Accumulated surplus		2,328,626	2,361,877
IPPE revaluation reserve		310,652	229,253
<b>Council equity interest</b>		<b>2,639,278</b>	<b>2,591,130</b>
<b>Total equity</b>		<b>2,639,278</b>	<b>2,591,130</b>

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 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		2,361,877	229,253	2,591,130	2,330,833	128,428	2,459,261
Net operating result for the year		(33,251)	–	(33,251)	31,044	–	31,044
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	81,399	81,399	–	100,825	100,825
<b>Other comprehensive income</b>		<b>–</b>	<b>81,399</b>	<b>81,399</b>	<b>–</b>	<b>100,825</b>	<b>100,825</b>
<b>Total comprehensive income</b>		<b>(33,251)</b>	<b>81,399</b>	<b>48,148</b>	<b>31,044</b>	<b>100,825</b>	<b>131,869</b>
<b>Closing balance at 30 June</b>		<b>2,328,626</b>	<b>310,652</b>	<b>2,639,278</b>	<b>2,361,877</b>	<b>229,253</b>	<b>2,591,130</b>

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 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
140,435	Rates and annual charges		142,747	133,012
29,078	User charges and fees		26,374	22,697
3,173	Investment and interest revenue received		2,583	3,742
37,519	Grants and contributions		59,354	43,078
–	Bonds, deposits and retention amounts received		2,772	–
12,720	Other		9,597	13,730
<i>Payments:</i>				
(86,151)	Employee benefits and on-costs		(79,545)	(82,195)
(80,088)	Materials and services		(77,614)	(69,768)
(1,030)	Borrowing costs		(1,189)	(1,330)
–	Bonds, deposits and retention amounts refunded		–	(1,572)
(3,346)	Other		(3,010)	(3,969)
52,310	<b>Net cash flows from operating activities</b>	G1-1	<b>82,069</b>	<b>57,425</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
11,788	Sale of investment securities		–	16,953
1,500	Sale of infrastructure, property, plant and equipment		1,988	765
<i>Payments:</i>				
–	Purchase of investment securities		(4,636)	–
–	Acquisition of term deposits		(17,085)	–
–	Purchase of investment property		–	(194)
(60,693)	Purchase of infrastructure, property, plant and equipment		(55,072)	(65,005)
–	Purchase of intangible assets		(66)	(3,366)
(47,405)	<b>Net cash flows from investing activities</b>		<b>(74,871)</b>	<b>(50,847)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(4,905)	Borrowings and advances		(4,600)	(2,789)
–	Principal component of lease payments		(1,461)	(1,536)
(4,905)	<b>Net cash flows from financing activities</b>		<b>(6,061)</b>	<b>(4,325)</b>
–	<b>Net change in cash and cash equivalents</b>		<b>1,137</b>	<b>2,253</b>
10,000	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>17,077</b>	<b>15,940</b>

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

# Cumberland City Council

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# Cumberland City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 3 November 2021. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity for the purpose of preparing these financial statements.

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.

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

- Income statement
- Statement of cash flows
- Note 20 - Material budget variations

and are clearly marked.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of 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) employee benefit provisions – refer C3-4.

#### Significant judgements in applying the Council's accounting policies

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

## A1-1 Basis of preparation (continued)

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### Monies and other assets received by Council

#### The Consolidated Fund

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

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

- General purpose operations

#### The Trust Fund

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Volunteer services falls under the scope of AASB 1058 *Income of Not-for Profit Entities*, rather than AASB 15 because it is not a contract with a customer.

Local governments often benefit from volunteer services and now will have to determine if they would have purchased the services if they had not been donated.

A review of Councils volunteer services concludes no financial impact. Council volunteer services would not be purchased if they had not been donated.

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

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

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

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



## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Community Programs and Events	2,959	3,019	11,525	14,649	(8,566)	(11,630)	1,866	1,476	124	152
Roads and Stormwater	14,449	11,460	113,457	36,837	(99,008)	(25,377)	8,943	6,082	1,192,950	1,314,020
Parks and Recreation	4,805	2,338	23,144	23,536	(18,339)	(21,198)	1,805	(33)	946,679	908,817
Environmental Programs	1,035	1,225	3,099	2,925	(2,064)	(1,700)	550	706	–	–
Household Waste and Recycling	41,641	35,446	44,784	42,000	(3,143)	(6,554)	–	–	–	–
Children's Services	14,354	13,032	17,046	18,669	(2,692)	(5,637)	2,663	4,247	5,543	5,161
Urban Planning and Development	21,454	15,711	12,550	16,318	8,904	(607)	18,106	12,372	–	–
Regulatory Programs	5,961	5,043	12,221	12,407	(6,260)	(7,364)	110	42	–	–
Libraries	1,168	804	7,805	7,169	(6,637)	(6,365)	1,061	641	43,625	21,554
Pools	1,854	1,899	3,651	5,403	(1,797)	(3,504)	14	–	40,668	28,296
Governance	–	–	1,448	401	(1,448)	(401)	–	–	–	–
Community Facilities	1,684	1,325	8,557	8,987	(6,873)	(7,662)	86	34	310,490	212,022
Corporate	125,055	135,646	10,383	6,603	114,672	129,043	12,315	21,935	202,639	195,273
<b>Total functions and activities</b>	<b>236,419</b>	<b>226,948</b>	<b>269,670</b>	<b>195,904</b>	<b>(33,251)</b>	<b>31,044</b>	<b>47,519</b>	<b>47,502</b>	<b>2,742,718</b>	<b>2,685,295</b>

## B1-2 Components of functions or activities

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

### Community Programs and Events

Council provides a wide range of cultural, social and community focused projects and programs aimed at access, inclusion and harmony. This includes Youth Programs, Health and Wellbeing, Aged and Disability Services, Community Centres, Community Organisations, and Business Engagement.

### Roads and Stormwater

Council maintains the local roads through a program of capital works and precinct audits. Council also manages an extensive system of stormwater drains. This includes Road Maintenance, Footpath/Kerb and Gutter Maintenance, Drainage Maintenance and Street Cleaning.

### Parks and Recreation

Council manages an extensive network of parks and recreational reserves where residents can play, socialise and connect with others. Council is responsible for designing and planning local open spaces, sportsgrounds and play spaces. Council also maintains local parks and gardens, sportsgrounds, golf courses, play spaces, hard courts, bush reserves, corridors and streetscapes that make up the approximately 800 ha of green space in Cumberland.

### Environmental Programs

Council provides a wide range of community-focused waste education and environmental initiatives to help residents live sustainably. Council has also partnered with external agencies to look after and improve local waterways, works with schools to engage children and families and is developing a management plan for vegetation across Cumberland.

### Household Waste and Recycling

Council ensures scheduled garbage and recycling bin collection for all residents. This includes a pre-booked household clean-up service as well as dedicated collection services for problem and electronic waste types. Council also collects illegally dumped rubbish to keep kerbsides and public spaces tidy.

### Children's Services

Council manages 17 education and care centres. This includes long day preschools, before and after school programs, school holiday programs, occasional care and family day care services.

### Urban Planning and Development

Council provides strategic planning and development services to ensure land is used in the best way for the community and complies with Council's best practice planning policies. This service also includes coordinating new developments with infrastructure and economic growth such as innovative land uses, transport, green spaces and community facilities.

### Regulatory Programs

Council is responsible for regulating and enforcing health and safety standards across its LGA. This includes investigation of complaints in regard to illegal and unauthorised building works or landuse, Issuance of Notices/Orders/Infringements for identified offences and/or instigating action in either the Local or Land and Environment Court, Investigation and actioning of Swimming Pool Act non-compliances, Food Safety Surveillance Program, Skin Penetration and Public Health Surveillance Program, Legionella Surveillance, Companion Animal Program.

### Libraries

Council provides a network of 8 libraries which is a 'one-stop shop' information hub, where residents can come to learn, relax, meet up and borrow a range of resources. Council facilitates and conducts community learning, educational, recreational and development programs in its libraries.

### Pools

Council operates five pools located at Lidcombe, Merrylands, Granville, Guildford and Wentworthville. Services include learn to swim programs, sporting events, gyms and family leisure activities.

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

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### **Governance**

Includes costs relating to Council's role as a component of a democratic government, including elections, councillors fees, expenses, subscription to local association, meeting of council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance

### **Community Facilities**

The facilities include multipurpose community centres, arts and cultural facilities, halls and meeting rooms. Users of facilities are primarily not-for-profit community organisations, but also include private bookings for functions and commercial use.

### **Corporate**

Overall Administration services to facilitate the efficient delivery of Council's services. Key activities includes: Finance, Human Resources, Information Technology, Corporate Planning, Record Management.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	69,344	68,744
Business	33,173	30,904
Less: pensioner rebates	(1,889)	(1,855)
<b>Rates levied to ratepayers</b>	<b>100,628</b>	<b>97,793</b>
Pensioner rate subsidies received	1,035	1,046
<b>Total ordinary rates</b>	<b>101,663</b>	<b>98,839</b>
<b>Special rates</b>		
Stormwater management services (s496(a))	1,770	1,764
<b>Rates levied to ratepayers</b>	<b>1,770</b>	<b>1,764</b>
<b>Total special rates</b>	<b>1,770</b>	<b>1,764</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	40,600	34,457
Less: pensioner rebates	(813)	(837)
<b>Annual charges levied</b>	<b>39,787</b>	<b>33,620</b>
Pensioner subsidies received:		
– Domestic waste management	345	349
<b>Total annual charges</b>	<b>40,132</b>	<b>33,969</b>
<b>Total rates and annual charges</b>	<b>143,565</b>	<b>134,572</b>

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

#### Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

## B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	662	621
Other		53	–
<b>Total specific user charges</b>		<b>715</b>	<b>621</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building regulation	2	438	272
Inspection services	2	497	370
Regulatory/ statutory fees	2	10	–
Registration fees	2	80	117
Section 10.7 certificates (EP&A Act)	2	458	371
Section 603 certificates	2	300	234
Town planning	2	3,120	3,344
Other		139	131
<b>Total fees and charges – statutory/regulatory</b>		<b>5,042</b>	<b>4,839</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged care	2	362	346
Child care *	2	11,533	8,680
Community centres	2	806	562
Lease rentals	2	551	275
Parking fees	2	206	270
Restoration charges	2	1,701	2,274
Swimming centres	2	1,586	1,410
Administration	2	51	71
Community events	2	4	620
Community services	2	637	657
Function centres	2	378	490
Other	2	851	337
Housing and community amenities	2	263	127
Libraries	2	98	102
Recreation and parks	2	2,367	1,797
Transport and communication	2	980	653
<b>Total fees and charges – other</b>		<b>22,374</b>	<b>18,671</b>
<b>Total user charges and fees</b>		<b>28,131</b>	<b>24,131</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		2,137	1,685
User charges and fees recognised at a point in time (2)		25,994	22,446
<b>Total user charges and fees</b>		<b>28,131</b>	<b>24,131</b>

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”.

\* Due to Covid-19, the final quarter of 2019/20 childcare fees were waived and replaced by grant income. Refer to Child Care Covid Grant under Note B2-4.

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 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.

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

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.

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 revenue

\$ '000	Timing	2021	2020
Fines – parking	2	4,698	3,923
Fines – other	2	49	89
Legal fees recovery – rates and charges (extra charges)	2	47	56
Legal fees recovery – other	2	37	164
Commissions and agency fees	2	6	9
Diesel rebate	2	71	101
Insurance claims recoveries	2	443	749
CDS waste rebate		265	374
Other	2	1,153	606
Bonds Income	2	–	4,392
Vehicle lease recovery	2	554	566
Lifelong learning	2	3	17
<b>Total other revenue</b>		<b>7,326</b>	<b>11,046</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		11,046
<b>Total other revenue</b>		<b>11,046</b>

### Accounting policy 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 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	4,205	3,737	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component		4,502	3,960	–	–
<b>Amount recognised as income during current year</b>		<b>8,707</b>	<b>7,697</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Aged care	2	1,248	1,136	–	–
Community care	2	998	1,983	–	–
Environmental programs	2	238	12	–	–
Heritage and cultural	2	103	8	63	–
Library	2	1,031	641	–	–
LIRS subsidy	2	129	383	–	–
Recreation and culture	2	7	5	3,623	108
Child care/family day care	2	1,450	972	–	–
Child Care Covid Grant	2	1,179	2,928	–	–
Street lighting	2	672	611	–	–
Other specific grants	2	79	1,145	228	–
Health services	2	–	1	–	–
Traffic route subsidy	2	–	22	–	–
Transport (roads to recovery)	2	1,040	1,040	–	–
Transport (other roads and bridges funding)	2	729	185	–	–
<b>Previously contributions:</b>					
Community services	2	20	3	–	–
Dedications	2	–	–	–	3,461
Recreation and culture	2	–	11	–	–
Roads and bridges		87	–	4,854	2,205
Transport for NSW contributions (regional roads, block grant)	2	1,668	1,408	–	–
Other contributions	2	888	1,120	–	–
Community enhancement fund	2	783	715	–	–
Volunteers	2	–	38	–	–
Waste performance program	2	230	218	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>12,579</b>	<b>14,585</b>	<b>8,768</b>	<b>5,774</b>
<b>Non-cash contributions</b>					
Other	2	–	1,323	–	–
Stronger Communities		–	7,170	–	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>8,493</b>	<b>–</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>12,579</b>	<b>23,078</b>	<b>8,768</b>	<b>5,774</b>
<b>Total grants and non-developer contributions</b>		<b>21,286</b>	<b>30,775</b>	<b>8,768</b>	<b>5,774</b>

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Comprising:</b>					
– Commonwealth funding		10,656	10,119	4	–
– State funding		9,244	8,553	6,966	1,806
– Other funding		1,386	12,103	1,798	3,968
		<b>21,286</b>	<b>30,775</b>	<b>8,768</b>	<b>5,774</b>

### Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>		G5				
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	16,512	10,149
S 7.11 – LGA administration		2	–	–	328	232
S 7.11a – employment generation development		2	–	–	625	572
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>17,465</b>	<b>10,953</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>17,465</b>	<b>10,953</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>17,465</b>	<b>10,953</b>
<b>Total grants and contributions</b>			<b>21,286</b>	<b>30,775</b>	<b>26,233</b>	<b>16,727</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			21,286	30,775	26,233	16,727
<b>Total grants and contributions</b>			<b>21,286</b>	<b>30,775</b>	<b>26,233</b>	<b>16,727</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unexpended Grants at the close of the previous reporting period	2,303	725	1,142	1,786
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,116	3,054	13,829	306
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(2,174)	(1,476)	(944)	(950)
<b>Unspent funds at 30 June</b>	<b>1,245</b>	<b>2,303</b>	<b>14,027</b>	<b>1,142</b>
<b>Contributions</b>				
Unexpended Contributions at the close of the previous reporting period	74,732	66,648	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	20,218	12,787	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(7,082)	(4,703)	–	–
<b>Unspent contributions at 30 June</b>	<b>87,868</b>	<b>74,732</b>	<b>–</b>	<b>–</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

## B2-4 Grants and contributions (continued)

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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	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	373	551
– Cash and investments	2,419	2,859
<b>Fair value adjustments</b>		
– Movements in investments at fair value through profit and loss	246	67
– Movements in investments at fair value through profit and loss (CivicRisk)	(171)	–
<b>Total interest and investment income (losses)</b>	<b>2,867</b>	<b>3,477</b>
<b>Interest and investment income is attributable to:</b>		
Overdue rates and annual charges (general fund)	373	551
General Council cash and investments	1,648	1,760
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	846	1,166
<b>Total interest and investment income</b>	<b>2,867</b>	<b>3,477</b>

**Accounting policy**

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

**B2-6 Other income**

\$ '000	Notes	2021	2020
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		4,060	3,280
<b>Total fair value increment on investment properties</b>	C1-7	<b>4,060</b>	<b>3,280</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income		2,530	2,461
<b>Total Investment properties</b>		<b>2,530</b>	<b>2,461</b>
<b>Total rental income</b>	C2-2	<b>2,530</b>	<b>2,461</b>
<b>Total other income</b>		<b>6,590</b>	<b>5,741</b>

## B3 Costs of providing services

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

\$ '000	2021	2020
Salaries and wages	61,766	63,377
Employee termination costs	1,602	1,072
Employee leave entitlements (ELE)	10,022	9,035
Superannuation – defined contribution plans	6,049	6,234
Superannuation – defined benefit plans	996	1,026
Workers' compensation insurance	1,556	2,592
Fringe benefit tax (FBT)	357	359
Protective clothing	210	116
Other	16	72
<b>Total employee costs</b>	<b>82,574</b>	<b>83,883</b>
Less: capitalised costs	(3,147)	(3,423)
<b>Total employee costs expensed</b>	<b>79,427</b>	<b>80,460</b>

#### Accounting policy

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 E3-1 for more information.



## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		13,825	13,041
Contractor and consultancy costs		11,050	10,484
– waste disposal tipping fees		22,489	20,830
– facility and infrastructure management		6,078	5,367
– agency staff		2,574	2,219
– other		1,198	2,620
Audit Fees	F2-1	193	189
Infringement notice contract costs (SEINS)		600	526
Councillor and Mayoral fees and associated expenses	F1-2	542	554
Advertising		457	572
Bank charges		441	365
Electricity and heating		1,974	1,858
Insurance		2,167	2,488
Postage		350	427
Printing and stationery		229	251
Street lighting		3,100	3,127
Subscriptions and publications		224	255
Telephone and communications		1,061	1,134
Valuation fees		356	282
Other expenses		1,432	1,590
Education programs		48	38
Community events		1,582	1,885
Information technology fees		3,012	2,918
Water rates and charges		1,077	1,414
Gas charges		94	106
Publicity, promotions, events		172	80
<b>Legal expenses:</b>			
– Legal expenses: planning and development		167	399
– Legal expenses: debt recovery		50	65
– Legal expenses: other		160	73
Expenses from leases of low value assets		206	94
<b>Total materials and services</b>		<b>76,908</b>	<b>75,251</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on leases	105	143
Interest on loans	1,084	1,187
<b>Total interest bearing liability costs</b>	<b>1,189</b>	<b>1,330</b>
<b>Total borrowing costs expensed</b>	<b>1,189</b>	<b>1,330</b>

### Accounting policy

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

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		1,513	1,744
Office equipment		572	520
Furniture and fittings		276	252
<b>Infrastructure:</b>	C1-6		
– Buildings		7,511	6,481
– Roads		10,671	10,211
– Bridges		583	558
– Footpaths		2,095	2,227
– Stormwater drainage		5,471	5,413
– Swimming pools		219	496
– Other open space/recreational assets		3,710	2,741
Right of use assets	C2-1	1,458	1,575
<b>Other assets:</b>			
– Library books		444	424
– Other		608	436
Intangible assets	C1-8	2,095	1,716
<b>Total gross depreciation and amortisation costs</b>		<b>37,226</b>	<b>34,794</b>
<b>revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-6		
– Roads		27,974	–
– Stormwater drainage		43,621	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>71,595</b>	<b>–</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>71,595</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>108,821</b>	<b>34,794</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. 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	2021	2020
<b>Impairment of receivables</b>			
Other		195	486
<b>Total impairment of receivables</b>	C1-4	<b>195</b>	<b>486</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		–	420
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D1-2,D1-3	<b>–</b>	<b>420</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Department of planning levy		377	366
– NSW fire brigade levy		2,693	2,504
Donations, contributions and assistance to other organisations (Section 356)		60	293
<b>Total other</b>		<b>3,130</b>	<b>3,163</b>
<b>Total other expenses</b>		<b>3,325</b>	<b>4,069</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	490
Less: carrying amount of property assets sold/written off		–	(286)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>204</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		<b>502</b>	275
Less: carrying amount of plant and equipment assets sold/written off		<b>(81)</b>	–
<b>Gain (or loss) on disposal</b>		<b>421</b>	<b>275</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>421</b>	<b>479</b>

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council. While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>User charges and fees</b>	31,377	28,131	(3,246)	(10)% <b>U</b>
User charges and fees had a negative budget variance from the original budget. Major cause for the variance was a drop in childcare fees, pool income and hall hire, all impacted by Covid 19.				
<b>Operating grants and contributions</b>	17,196	21,286	4,090	24% <b>F</b>
Operating grants had a positive budget variance. Major cause of the variance was Covid 19 stimulus including grants to offset loss of Childcare income.				
<b>Capital grants and contributions</b>	18,812	26,233	7,421	39% <b>F</b>
Capital grants had a positive budget variance due to additional grants for the Parramatta Road Urban Improvement Program and other road grants.				
<b>Interest and investment revenue</b>	3,068	2,867	(201)	(7)% <b>U</b>
Interest income had a small negative variance due to Council not charging interest on overdue rates for the first half of 2020/21.				
<b>Net gains from disposal of assets</b>	350	421	71	20% <b>F</b>
Gain on asset sales had a positive budget variance on surplus plant sales.				
<b>Other income</b>	3,508	6,590	3,082	88% <b>F</b>
Other income had a significant budget variance due to unbudgeted gain on investment property valuations. This is a non-cash, non- recurring item.				
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	85,453	79,427	6,026	7% <b>F</b>
Employee costs had a significant budget saving due to additional leave reductions and a Council reduction in recruitment of vacant positions.				
<b>Materials and services</b>	80,914	76,908	4,006	5% <b>F</b>
Materials and services had a positive budget variance. Major savings were realised on function expenses, tipping fees and fleet costs.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	33,579	108,821	(75,242)	(224)% <b>U</b>
Depreciation, amortisation and impairment had a negative budget variance as a result of a \$71.6m revaluation decrement for the roads and stormwater asset classes which went through the income statement. This is a result of no revaluation reserves carried across on amalgamation, and therefore little or no revaluation reserve balances in the balance sheet for those asset classes. The decrements are therefore required to pass through the income statement as an expense item "Revaluation decrements of IPPE".				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	<b>15,626</b>	7,383
Cash-equivalent assets		
– Managed funds	<b>1,451</b>	8,557
<b>Total cash and cash equivalents</b>	<b>17,077</b>	<b>15,940</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	<b>17,077</b>	15,940
<b>Balance as per the Statement of Cash Flows</b>	<b>17,077</b>	<b>15,940</b>

#### Accounting policy

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



## C1-2 Financial investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	–	12,568	–	7,812
NCD's, FRN's (with maturities > 3 months)	7,007	26,025	5,113	30,715
CivicRisk Mutual	–	4,701	–	–
Other long term financial assets	–	8,040	–	5,118
<b>Total</b>	<b>7,007</b>	<b>51,334</b>	<b>5,113</b>	<b>43,645</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	74,085	14,000	57,000	14,000
<b>Total</b>	<b>74,085</b>	<b>14,000</b>	<b>57,000</b>	<b>14,000</b>
<b>Total financial investments</b>	<b>81,092</b>	<b>65,334</b>	<b>62,113</b>	<b>57,645</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>98,169</b>	<b>65,334</b>	<b>78,053</b>	<b>57,645</b>

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

## C1-2 Financial investments (continued)

### Fair value through profit and loss

Council is a member of CivicRisk Mutual Ltd (CRM Ltd) which is a company limited by guarantee owned and operated by its member Councils in NSW. CRM Ltd provides members protection which includes mutual self-insurance, group insurance arrangements and risk management support for general insurance lines of cover (excluding workers compensation). Up until 1 July 2020, Council was a member of Metro and CivicRisk Mutual which were joint ventures operating for the same purpose as CivicRisk Mutual Ltd since the late 1980's (Refer Note D1). The members decided to novate assets, liabilities and members equity of the joint ventures into CivicRisk Mutual Ltd for compliance and efficiency reasons. The members designed the Constitution and Membership Rules of CRM Ltd which ensures members continue to be provided with a right to the surplus or deficit in protection years in which they were members.

The interest in CRM is accounted for as a financial asset in accordance with AASB 9 and held at fair value. Council's interest in its share of the surplus is calculated by CRM Ltd's Actuary, and changes in fair value recognised in profit and loss, and shown in investments. Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value.

In the prior year's Council's interest in CRM was accounted for using the equity method due to the organisational structure and operational arrangements in place at that time (Refer Note D1) for further details.

Reconciliation	2020/21 \$'000
Opening Balance	\$0
Transfer Civic Risk Metro Joint Venture	\$4,260
Transfer Civic Risk Mutual Joint Venture	\$612
Recognition of financial asset for interest in Insurance Mutuals previously accounted for as an equity interest (Refer Note 19)	\$4,872
Add: CRM Ltd Surplus allocated for 2021	\$761
Value of Asset per CRM Actuarial Report	\$5,633
Fair Value adjustment	(\$932)
<b>Closing Balance CRM Ltd</b>	<b>\$4,701</b>

### 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 FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>98,169</b>	<b>65,334</b>	<b>78,053</b>	<b>57,645</b>

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

#### External restrictions

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

Developer contributions – general	<b>87,868</b>	74,732
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>15,272</b>	3,445
Domestic waste management	<b>2,889</b>	421
Stormwater management	<b>164</b>	1,915
Other special levies	<b>(67)</b>	(32)
<b>Total external restrictions</b>	<b>106,126</b>	<b>80,481</b>

#### Internal restrictions

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

Employees leave entitlement	<b>6,020</b>	6,052
Marrong Reserve South	<b>3,154</b>	3,154
Special Rate Variation	<b>5,589</b>	1,290
Woodville Reserve	<b>1,771</b>	11,155
S355 Park committee	<b>918</b>	975
Merrylands CBD Reserve	<b>12,541</b>	23,901
Unclaimed Bond Reserve	<b>–</b>	2,828
Financial Assistance Grant Reserve	<b>4,502</b>	3,960
CivicRisk Mutual	<b>4,701</b>	–
Property Reserve	<b>8,547</b>	5,263
<b>Total internal restrictions</b>	<b>47,743</b>	<b>58,578</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	8,958	–	8,140	–
Interest and extra charges	749	–	207	–
User charges and fees	5,419	–	3,401	–
Contributions to works	–	–	8	–
Accrued revenues				
– Interest on investments	365	–	698	–
– Other income accruals	389	–	164	–
Net GST receivable	1,151	–	1,829	–
Workers' compensation insurance	–	–	(26)	–
Lease/rental of properties	–	–	161	–
Childrens and community services	144	–	(157)	–
Other debtors	340	–	(19)	–
<b>Total</b>	<b>17,515</b>	<b>–</b>	<b>14,406</b>	<b>–</b>
<b>Less: provision of impairment</b>				
User charges and fees	(550)	–	(494)	–
<b>Total provision for impairment – receivables</b>	<b>(550)</b>	<b>–</b>	<b>(494)</b>	<b>–</b>
<b>Total net receivables</b>	<b>16,965</b>	<b>–</b>	<b>13,912</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>16,965</b>	<b>–</b>	<b>13,912</b>	<b>–</b>
<b>Total net receivables</b>	<b>16,965</b>	<b>–</b>	<b>13,912</b>	<b>–</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	494	21
+ new provisions recognised during the year	223	494
– amounts already provided for and written off this year	(167)	(21)
<b>Balance at the end of the year</b>	<b>550</b>	<b>494</b>

### Accounting policy

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.

## C1-4 Receivables (continued)

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories</b>				
Stores and materials	216	–	208	–
<b>Total inventories</b>	<b>216</b>	<b>–</b>	<b>208</b>	<b>–</b>
<b>Total inventories</b>	<b>216</b>	<b>–</b>	<b>208</b>	<b>–</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Revalue movements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	61,135	–	61,135	56,896	–	–	–	(97,791)	–	20,240	–	20,240
Plant and equipment	27,868	(21,260)	6,608	138	(83)	(1,513)	–	–	–	26,693	(21,543)	5,150
Office equipment	15,594	(12,519)	3,075	–	–	(572)	–	1,252	–	16,845	(13,090)	3,755
Furniture and fittings	6,107	(4,284)	1,823	–	–	(276)	–	288	–	6,395	(4,560)	1,835
<b>Land:</b>												
– Operational land	380,564	–	380,564	–	–	–	–	–	18,048	398,612	–	398,612
– Community land <sup>2</sup>	406,578	–	406,578	–	–	–	–	73	–	406,651	–	406,651
– Land under roads (post 30/6/08)	143	–	143	–	–	–	–	–	–	143	–	143
<b>Infrastructure:</b>												
– Buildings	280,231	(70,863)	209,368	–	–	(7,511)	–	38,476	83,648	431,337	(107,356)	323,981
– Roads	818,810	(190,804)	628,006	–	–	(10,671)	(27,974)	16,143	(20,322)	832,891	(247,708)	585,183
– Bridges	49,388	(6,964)	42,424	–	–	(583)	–	1,121	–	50,510	(7,547)	42,963
– Footpaths	152,783	(49,555)	103,228	–	–	(2,095)	–	8,619	–	161,402	(51,650)	109,752
– Stormwater drainage	588,101	(111,110)	476,991	–	–	(5,471)	(43,621)	5,498	–	642,041	(208,644)	433,397
– Swimming pools	10,936	(2,710)	8,226	–	–	(219)	–	–	–	10,936	(2,929)	8,007
– Other open space/recreational assets	154,137	(36,549)	117,588	–	–	(3,710)	–	23,308	25	177,470	(40,259)	137,211
<b>Other assets:</b>												
– Library books	17,726	(13,701)	4,025	131	–	(444)	–	–	–	17,857	(14,145)	3,712
– Other	3,137	(824)	2,313	–	–	(608)	–	920	–	4,058	(1,433)	2,625
<b>Total infrastructure, property, plant and equipment</b>	<b>2,973,238</b>	<b>(521,143)</b>	<b>2,452,095</b>	<b>57,165</b>	<b>(83)</b>	<b>(33,673)</b>	<b>(71,595)</b>	<b>(2,093)</b>	<b>81,399</b>	<b>3,204,081</b>	<b>(720,864)</b>	<b>2,483,217</b>

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

(2) Community Land includes Crown land value of \$74,458

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Carrying value of disposals	Depreciation expense	WIP transfers	Transfers between Classes	Other - Accounting Adjustment	Revalue decrements to equity (ARR)	Revalue increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	26,755	–	26,755	61,699	–	–	(25,884)	(1,435)	–	–	–	61,135	–	61,135
Plant and equipment	28,142	(20,550)	7,592	1,020	(260)	(1,744)	–	–	–	–	–	27,868	(21,260)	6,608
Office equipment	15,327	(11,999)	3,328	–	–	(520)	267	–	–	–	–	15,594	(12,519)	3,075
Furniture and fittings	5,819	(4,033)	1,786	23	–	(252)	266	–	–	–	–	6,107	(4,284)	1,823
<b>Land:</b>														
– Operational land	380,564	–	380,564	–	–	–	–	–	–	–	–	380,564	–	380,564
– Community land	372,294	–	372,294	–	(286)	–	3,245	3,461	–	–	27,864	406,578	–	406,578
– Land under roads (post 30/6/08)	143	–	143	–	–	–	–	–	–	–	–	143	–	143
<b>Infrastructure:</b>														
– Buildings	257,263	(61,358)	195,905	–	–	(6,481)	12,958	–	6,986	–	–	280,231	(70,863)	209,368
– Roads	816,687	(180,591)	636,096	–	–	(10,211)	2,122	–	–	–	–	818,810	(190,804)	628,006
– Bridges	49,389	(6,407)	42,982	–	–	(558)	–	–	–	–	–	49,388	(6,964)	42,424
– Footpaths	160,795	(55,018)	105,777	–	–	(2,227)	451	–	–	(773)	–	152,783	(49,555)	103,228
– Stormwater drainage	584,206	(105,697)	478,509	–	–	(5,413)	3,895	–	–	–	–	588,101	(111,110)	476,991
– Swimming pools	24,745	(3,496)	21,249	–	–	(496)	1,786	–	1,241	(15,554)	–	10,936	(2,710)	8,226
– Other open space/recreational assets	69,880	(30,671)	39,209	–	–	(2,741)	59	–	(8,227)	–	89,288	154,137	(36,549)	117,588
<b>Other assets:</b>														
– Library books	17,228	(13,277)	3,951	498	–	(424)	–	–	–	–	–	17,726	(13,701)	4,025
– Other	2,302	(388)	1,914	–	–	(436)	835	–	–	–	–	3,137	(824)	2,313
<b>Total infrastructure, property, plant and equipment</b>	<b>2,811,539</b>	<b>(493,485)</b>	<b>2,318,054</b>	<b>63,240</b>	<b>(546)</b>	<b>(31,503)</b>	<b>–</b>	<b>2,026</b>	<b>–</b>	<b>(16,327)</b>	<b>117,152</b>	<b>2,973,238</b>	<b>(521,143)</b>	<b>2,452,095</b>

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



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

### Accounting policy

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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	2 to 15	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	<b>Buildings</b>	
Other plant and equipment	3 to 50	Buildings: masonry	50 to 100
		Buildings: other	10 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 120
Bores	20 to 40	Culverts	80 to 120
Reticulation pipes: PVC	70 to 80	Flood control structures	20 to 120
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	10 to 100	Bulk earthworks	20 to 50
Sealed roads: structure	80 to 150	Swimming pools	10 to 50
Unsealed roads	10 to 40	Unsealed roads	5 to 20
Bridges	30 to 100	Other open space/recreational assets	5 to 50
Road pavements	80 to 150	Other infrastructure	5 to 75
Kerb, gutter and footpaths	20 to 150		

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

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

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

## C1-7 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	72,859	70,285
<b>Total owned investment property</b>	<b>72,859</b>	<b>70,285</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	70,285	66,811
Capitalised subsequent expenditure	2,092	–
Disposals during year	(4,050)	–
Net gain/(loss) from fair value adjustments	4,532	3,280
Other movements	–	194
<b>Closing balance at 30 June</b>	<b>72,859</b>	<b>70,285</b>

### Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	13,120	9,754
Accumulated amortisation	(8,076)	(6,360)
<b>Net book value – opening balance</b>	<b>5,044</b>	<b>3,394</b>
<b>Movements for the year</b>		
Purchases	65	3,366
Amortisation charges	(2,094)	(1,716)
<b>Closing values at 30 June</b>		
Gross book value	13,185	13,120
Accumulated amortisation	(10,170)	(8,076)
<b>Total software – net book value</b>	<b>3,015</b>	<b>5,044</b>
<b>Total intangible assets – net book value</b>	<b>3,015</b>	<b>5,044</b>

### Accounting policy

#### IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets 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
<b>2021</b>				
<b>Opening balance at 1 July</b>	<b>1,982</b>	<b>166</b>	<b>–</b>	<b>2,148</b>
<b>Additions to right-of-use assets</b>	<b>1,162</b>	<b>(43)</b>	<b>43</b>	<b>1,162</b>
<b>Depreciation charge</b>	<b>(1,292)</b>	<b>(123)</b>	<b>(43)</b>	<b>(1,458)</b>
<b>Balance at 30 June</b>	<b>1,852</b>	<b>–</b>	<b>–</b>	<b>1,852</b>
<b>2020</b>				
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	2,792	239	–	3,031
Additions to right-of-use assets	678	14	–	692
Depreciation charge	(1,466)	(109)	–	(1,575)
<b>Balance at 30 June</b>	<b>1,982</b>	<b>166</b>	<b>–</b>	<b>2,148</b>

#### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	813	1,075	1,117	1,070
<b>Total lease liabilities</b>	<b>813</b>	<b>1,075</b>	<b>1,117</b>	<b>1,070</b>

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

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
<b>Cash flows</b>	<b>813</b>	<b>1,075</b>	<b>–</b>	<b>1,888</b>	<b>1,888</b>
<b>2020</b>					
<b>Cash flows</b>	<b>1,117</b>	<b>1,070</b>	<b>–</b>	<b>2,187</b>	<b>2,187</b>

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total lease liabilities relating to unrestricted assets</b>	<b>813</b>	<b>1,075</b>	47	2,140
<b>Total lease liabilities</b>	<b>813</b>	<b>1,075</b>	47	2,140

**(d) Income Statement**

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

\$ '000	2021	2020
Interest on lease liabilities	105	143
Depreciation of right of use assets	1,458	1,575
Expenses relating to low-value leases	206	94
	<b>1,769</b>	<b>1,812</b>

**(e) Statement of Cash Flows**

Total cash outflow for leases	1,527	1,679
	<b>1,527</b>	<b>1,679</b>

**Accounting policy**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

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

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

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

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

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

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

**Exceptions to lease accounting**

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

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

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

## C2-2 Council as a lessor

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:

<b>\$ '000</b>	<b>2021</b>	2020
<b>(i) Operating Lease Income</b>		
<b>Investment Properties</b>		
Lease income	<u>2,530</u>	<u>2,461</u>
<b>Total income relating to operating leases for investment property assets</b>	<b>2,530</b>	<b>2,461</b>

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	4,909	–	5,607	–
Accrued expenses:				
– Other expenditure accruals	5,870	–	5,200	–
Security bonds, deposits and retentions	22,799	–	20,027	–
Other	829	–	1,321	–
<b>Total payables</b>	<b>34,407</b>	<b>–</b>	<b>32,155</b>	<b>–</b>
<b>Total payables</b>	<b>34,407</b>	<b>–</b>	<b>32,155</b>	<b>–</b>

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	18,214	16,397
<b>Total payables</b>	<b>18,214</b>	<b>16,397</b>

#### Accounting policy

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

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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	15,280	-	1,142	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	2,303	-
<b>Total grants received in advance</b>		<b>15,280</b>	<b>-</b>	<b>3,445</b>	<b>-</b>
Other		205	-	-	-
<b>Total user fees and charges received in advance</b>		<b>205</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>15,485</b>	<b>-</b>	<b>3,445</b>	<b>-</b>

### Notes

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

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

### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total contract liabilities relating to unrestricted assets</b>	<b>214</b>	<b>-</b>	<b>3,445</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>15,485</b>	<b>-</b>	<b>3,445</b>	<b>-</b>

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

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	1,453	671
Operating grants (received prior to performance obligation being satisfied)	14,023	8,926
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>15,476</b>	<b>9,597</b>

### Accounting policy

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

## C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	5,218	26,166	4,585	31,399
<b>Total borrowings</b>	<b>5,218</b>	<b>26,166</b>	<b>4,585</b>	<b>31,399</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 22.

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

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

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

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	35,984	(4,600)	–	–	–	–	31,384
Lease liability (Note C2-1b)	2,187	(299)	–	–	–	–	1,888
<b>Total liabilities from financing activities</b>	<b>38,171</b>	<b>(4,899)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>33,272</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,773	(2,789)	–	–	–	–	35,984
Lease liability (Note C2-1b)	–	2,187	–	–	–	–	2,187
<b>Total liabilities from financing activities</b>	<b>38,773</b>	<b>(602)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>38,171</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	1,500	1,500
Credit cards/purchase cards	125	240
<b>Total financing arrangements</b>	<b>1,625</b>	<b>1,740</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	1,500	1,500
– Credit cards/purchase cards	125	240
<b>Total undrawn financing arrangements</b>	<b>1,625</b>	<b>1,740</b>

### Additional financing arrangements information

#### Breaches and defaults

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

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

#### Accounting policy

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

### C3-3 Borrowings (continued)

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

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

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	7,204	11	6,766	14
Sick leave	481	–	482	–
Long service leave	11,056	200	11,420	207
ELE on-costs	1,324	–	1,505	–
<b>Total employee benefit provisions</b>	<b>20,065</b>	<b>211</b>	<b>20,173</b>	<b>221</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>20,065</b>	<b>211</b>	<b>20,173</b>	<b>221</b>
<b>Total employee benefit provisions</b>	<b>20,065</b>	<b>211</b>	<b>20,173</b>	<b>221</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	12,527	11,038
	<b>12,527</b>	<b>11,038</b>

#### Accounting policy

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

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## D Council structure

### D1 Interests in other entities

#### D1-1 Subsidiaries

\$ '000	Council's share of net assets	
	2021	2020
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	–	4,872
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>–</b>	<b>4,872</b>

#### Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership		2021		2020	
			2021	2020	2021	2020		
CivicRisk Mutual	Joint venture	Penrith, NSW	0.0%	8.6%	–	–	612	–
CivicRisk Metro	Joint venture	Penrith, NSW	0.0%	33.4%	–	–	4,260	–
<b>Total carrying amounts – material joint ventures</b>					<b>–</b>	<b>–</b>	<b>4,872</b>	<b>–</b>

#### Details

	Principal activity	Measurement method
CivicRisk Mutual	Risk management and insurance pooling to councils	Equity accounting
CivicRisk Metro	Public liability and professional indemnity to councils	Equity accounting

#### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
CivicRisk Mutual	0.0%	(11.6)%	0.0%	5.3%
CivicRisk Metro	0.0%	14.7%	0.0%	16.7%

#### Summarised financial information for joint ventures

\$ '000	CivicRisk Mutual		CivicRisk Metro	
	2021	2020	2021	2020
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	6,177	–	9,281
Other current assets	–	5,924	–	5,781
<b>Non-current assets</b>	–	5,102	–	6,711
<b>Current liabilities</b>				

## D1-2 Interests in joint arrangements (continued)

\$ '000	CivicRisk Mutual		CivicRisk Metro	
	2021	2020	2021	2020
Current financial liabilities (excluding trade and other payables and provisions)	-	5,923	-	1,762
Other current liabilities	-	490	-	1,689
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	-	3,635	-	5,558
<b>Net assets</b>	<b>-</b>	<b>7,155</b>	<b>-</b>	<b>12,764</b>
<b>Statement of comprehensive income</b>				
Income	-	14,474	-	1,845
Interest income	-	205	-	271
Other expenses	-	(14,468)	-	(2,405)
<b>Profit/(loss) from continuing operations</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>(289)</b>
<b>Profit/(loss) for the period</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>(289)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>(289)</b>
<b>Share of income – Council (%)</b>	<b>0.0%</b>	<b>(11.6)%</b>	<b>0.0%</b>	<b>14.7%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>(42)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>(42)</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	-	6,944	<b>14,359</b>	14,648
Profit/(loss) for the period	-	-	-	(289)
<b>Closing net assets</b>	<b>-</b>	<b>6,944</b>	<b>14,359</b>	<b>14,359</b>
<b>Council's share of net assets (%)</b>	<b>0.0%</b>	<b>8.6%</b>	<b>0.0%</b>	<b>33.4%</b>
<b>Council's share of net assets (\$)</b>	<b>-</b>	<b>612</b>	<b>-</b>	<b>4,260</b>

### Accounting policy

#### Joint ventures

Up until 1 July 2020, Council was a member of Metro and CivicRisk Mutual which were joint ventures operating to provide members protection which includes mutual self-insurance, group insurance arrangements and risk management support for Public Liability, Professional Indemnity, Property, Motor Vehicle and other general lines of cover (excluding workers compensation). On 1 July 2020 the members decided to novate assets, liabilities and members equity of the joint ventures into CivicRisk Mutual Ltd for compliance and efficiency reasons. The members designed the Constitution and Membership Rules of CRM Ltd which ensures members are provided with a right to the surplus or deficit in protection years in which they were members.

In the years prior to 1 July 2020, Council's interest in the CivicRisk joint ventures was accounted for using the equity method and reported at Note D1. From 1 July 2020, Council's interest in CivicRisk Mutual Ltd is now shown at Note C1-2 and reported under AASB9.

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

Fair value is determined as follows:

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

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

Council's finance area manages the cash and Investments portfolio with the assistance of 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 its 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	2021	2020
---------	------	------

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
Impact of a 1% movement in interest rates	1,071	729
Impact of a 10% movement in price of investments		

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

\$ '000	2021	2020
Impact of a 10% movement in market values	5,364	4,876

### (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	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	–	–	–	8,958	8,958
<b>2020</b>						
Gross carrying amount	–	–	–	–	8,140	8,140

#### Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	4,950	1,558	321	147	1,581	8,557
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	550	550
<b>2020</b>						
Gross carrying amount	4,122	180	36	47	809	5,194
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	494	494



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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	22,799	11,395	–	–	34,194	34,407
Loans and advances	2.67%	–	5,218	15,986	10,180	31,384	31,384
<b>Total financial liabilities</b>		<b>22,799</b>	<b>16,613</b>	<b>15,986</b>	<b>10,180</b>	<b>65,578</b>	<b>65,791</b>
<b>2020</b>							
Trade/other payables	0.00%	20,027	12,129	–	–	32,156	32,155
Loans and advances	2.70%	–	4,585	19,143	12,257	35,985	35,984
<b>Total financial liabilities</b>		<b>20,027</b>	<b>16,714</b>	<b>19,143</b>	<b>12,257</b>	<b>68,141</b>	<b>68,139</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment Property
- Financial assets and liabilities

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

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

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

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

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

\$ '000	Notes	Date of latest valuation 2021	Fair value measurement hierarchy			Total 2021
			Level 1 Quoted prices in active mkts 2021	Level 2 Significant observable inputs 2021	Level 3 Significant unobservable inputs 2021	
<b>Recurring fair value measurements</b>						
<b>Financial assets</b>						
Financial investments	C1-2					
Fair Value through profit and loss		30/06/21	–	–	53,640	53,640
<b>Total financial assets</b>			<b>–</b>	<b>–</b>	<b>53,640</b>	<b>53,640</b>
<b>Investment property</b>						
Investment Property	C1-7	30/06/21	–	72,859	–	72,859
<b>Total investment property</b>			<b>–</b>	<b>72,859</b>	<b>–</b>	<b>72,859</b>
<b>Infrastructure, property, plant and equipment</b>						
Operational land	C1-6	30/06/21	–	398,612	–	398,612
Community land		30/06/20	–	–	406,651	406,651
Land under roads (post 30/6/08)		30/06/17	–	–	143	143
Open Space / Recreational Assets		30/06/20	–	–	137,311	137,311
Buildings		30/06/21	–	–	323,981	323,981
Roads		30/06/21	–	–	585,183	585,183
Bridges		30/06/17	–	–	42,963	42,963
Footpaths		01/06/20	–	–	109,752	109,752
Stormwater drainage		30/06/21	–	–	433,397	433,397
Swimming pools		30/06/20	–	–	8,007	8,007
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>398,612</b>	<b>2,047,388</b>	<b>2,446,000</b>

### Valuation techniques

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

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

#### Financial Assets

At fair value through profit and loss are represented by Floating Rate Notes and Covered Bonds. 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

## E2-1 Fair value measurement (continued)

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. Australian Stock Exchange (ASX) retail listed securities are listed on the ASX. Valuations are sourced directly on the ASX using the closing price at the end of the reporting period.

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

#### Operational Land

Operational land had been valued by using an independent valuer.

#### Community Land

Council's community land was valued based on the Land Value (LV) provided by the Valuer-General in 2019.

#### 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 unit value of properties adjoining the relevant road segment and then discounted by 90% in accordance with the Code.

#### Buildings - Non specialised and Specialised

Council's buildings were valued based on the condition survey approach described in IPWEA's Practice Note 3 for Buildings and were used to determine the expected life ranges and criticality factors to produce the Depreciated Replacement Cost (DRC) Values and associated depreciation by component. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required.

#### Roads and Bridges

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

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

Assets within this class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. All assets in this class were valued in-house by experienced engineering & asset management staff. 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.

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (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 standard employer contributions and additional lump sum contributions to the fund.

The standard 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 7% of salaries for the year ending 30/06/2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accounts, which are paid in addition to members' defined benefits.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 for to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. 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 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.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$915,281.06. The last valuation of the Scheme was performed by Fund Actuary Richard Boyfield, FIAA as at 30 June 2020.

## E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$534,784.23. Council's expected contribution to the plan for the next annual reporting period is \$888,611.64.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$547,600 as at 30 June 2021.

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

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

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

\* Plus promotional increases

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

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## E3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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

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

### 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.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

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

<b>\$ '000</b>	<b>2021</b>	2020
<b>Compensation:</b>		
Short-term benefits	1,947	1,807
Termination benefits	431	373
<b>Total</b>	<b>2,378</b>	<b>2,180</b>

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	89	89
Councillors' fees	426	428
Other Councillors' expenses (including Mayor)	27	37
<b>Total</b>	<b>542</b>	<b>554</b>



## F2 Other relationships

### F2-1 Audit fees

\$ '000	2021	2020
<p>During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms</p> <p><b>Auditors of the Council - NSW Auditor-General:</b></p>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	193	189
<b>Remuneration for audit and other assurance services</b>	<b>193</b>	<b>189</b>
<b>Total Auditor-General remuneration</b>	<b>193</b>	<b>189</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>Total audit fees</b>	<b>193</b>	<b>189</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>(33,251)</b>	31,044
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	37,226	34,794
Net losses/(gains) on disposal of assets	(421)	(479)
Adoption of AASB 15/1058	–	(9,681)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(75)	(67)
– Investment property	(4,060)	(3,280)
– Revaluation decrements / impairments of IPP&E direct to P&L	71,595	–
Share of net (profits)/losses of associates/joint ventures using the equity method	–	420
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(3,109)	(1,101)
Increase/(decrease) in provision for impairment of receivables	56	473
Decrease/(increase) in inventories	(8)	(60)
Decrease/(increase) in other current assets	(58)	780
Increase/(decrease) in payables	(698)	4,199
Increase/(decrease) in other accrued expenses payable	670	(550)
Increase/(decrease) in other liabilities	2,280	(778)
Increase/(decrease) in contract liabilities	12,040	3,445
Increase/(decrease) in provision for employee benefits	(118)	(1,735)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>82,069</b>	<b>57,424</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	215	9,436
Open Space	406	8,114
Office Equipment	115	84
Drainage	8,595	4,985
Footpaths	–	8
Roads	13,493	315
<b>Investment property</b>		
– Land	48	6
<b>Total commitments</b>	<b>22,872</b>	<b>22,948</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	22,872	22,948
<b>Total payable</b>	<b>22,872</b>	<b>22,948</b>

## G3 Statement of developer contributions as at 30 June 2021

### G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Open space	32,337	7,088	–	359	(5,405)	1,904	36,283	–
Community facilities	15,467	2,677	–	176	(132)	–	18,188	–
Public domain	13,444	2,790	–	151	(90)	–	16,295	–
Merrylands town centre	2,839	–	–	31	–	–	2,870	–
Woodville Ward	2,418	266	–	24	(1,019)	–	1,689	–
Administration	1,078	328	–	16	(168)	3	1,257	–
Accessibility and traffic	1,403	321	–	18	–	–	1,742	–
Traffic facilities	155	3,379	–	9	(268)	–	3,275	–
Parking	(1,579)	–	–	(17)	–	–	(1,596)	–
Drainage	(2,314)	–	–	(25)	–	–	(2,339)	–
<b>S7.11 contributions – under a plan</b>	65,248	<b>16,849</b>	<b>–</b>	<b>742</b>	<b>(7,082)</b>	<b>1,907</b>	<b>77,664</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	4,706	<b>625</b>	<b>–</b>	<b>52</b>	<b>–</b>	<b>–</b>	<b>5,383</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	69,954	<b>17,474</b>	<b>–</b>	<b>794</b>	<b>(7,082)</b>	<b>1,907</b>	<b>83,047</b>	<b>–</b>
SEPP 59 agreements	4,778	(9)	–	52	–	–	4,821	–
<b>Total contributions</b>	<b>74,732</b>	<b>17,465</b>	<b>–</b>	<b>846</b>	<b>(7,082)</b>	<b>1,907</b>	<b>87,868</b>	<b>–</b>

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

## G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN No. 2 (former Holroyd)</b>								
Parking	(1,742)	–	–	(19)	–	–	(1,761)	–
Open space	32,124	2,418	–	346	(5,405)	1,904	31,387	–
Community facilities	12,416	474	–	137	(66)	–	12,961	–
Public domain	9,302	1,203	–	105	–	–	10,610	–
Drainage	(3,102)	–	–	(34)	–	–	(3,136)	–
Administration	263	56	–	3	(56)	–	266	–
<b>Total</b>	<b>49,261</b>	<b>4,151</b>	<b>–</b>	<b>538</b>	<b>(5,527)</b>	<b>1,904</b>	<b>50,327</b>	<b>–</b>
<b>MERRYLANDS TOWN CENTRE (former Holroyd)</b>								
Merrylands town centre	2,839	–	–	31	–	–	2,870	–
<b>Total</b>	<b>2,839</b>	<b>–</b>	<b>–</b>	<b>31</b>	<b>–</b>	<b>–</b>	<b>2,870</b>	<b>–</b>
<b>2007 Section 94 Contribution Plan (former Auburn)</b>								
Drainage	788	–	–	9	–	–	797	–
Parking	163	–	–	2	–	–	165	–
Community facilities	2,974	518	–	34	(66)	–	3,460	–
Accessibility and traffic	1,403	321	–	18	–	–	1,742	–
Public domain	4,122	1,141	–	46	(91)	–	5,218	–
Administration	808	119	–	13	(56)	3	887	–
<b>Total</b>	<b>10,258</b>	<b>2,099</b>	<b>–</b>	<b>122</b>	<b>(213)</b>	<b>3</b>	<b>12,269</b>	<b>–</b>
<b>Woodville Ward</b>								
Woodville Ward	2,418	266	–	24	(1,019)	–	1,689	–
<b>Total</b>	<b>2,418</b>	<b>266</b>	<b>–</b>	<b>24</b>	<b>(1,019)</b>	<b>–</b>	<b>1,689</b>	<b>–</b>
<b>Cumberland Council Plan</b>								
Traffic facilities	155	3,379	–	9	(268)	–	3,275	–
Open space	213	4,670	–	13	–	–	4,896	–
Community facilities	77	1,685	–	5	–	–	1,767	–
Public domain	20	446	–	–	1	–	467	–
Administration	7	153	–	–	(56)	–	104	–
<b>Total</b>	<b>472</b>	<b>10,333</b>	<b>–</b>	<b>27</b>	<b>(323)</b>	<b>–</b>	<b>10,509</b>	<b>–</b>

## G3-2 Developer contributions by plan (continued)

## S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN (former Auburn)</b>								
Other	4,429	69	–	46	–	–	4,544	–
<b>Total</b>	<b>4,429</b>	<b>69</b>	<b>–</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>4,544</b>	<b>–</b>
<b>Cumberland Council Plan</b>								
Other	277	556	–	6	–	–	839	–
<b>Total</b>	<b>277</b>	<b>556</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>839</b>	<b>–</b>

## G4 Statement of performance measures

### G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>7,750</b>	<b>3.77%</b>	1.60%	(5.28)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>205,630</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>184,344</b>	<b>79.51%</b>	78.71%	80.88%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>231,863</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>75,649</b>	<b>2.61x</b>	2.14x	4.49x	> 1.50x
Current liabilities less specific purpose liabilities	<b>28,964</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>46,165</b>	<b>6.37x</b>	8.40x	14.93x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>7,250</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>9,707</b>	<b>6.37%</b>	5.88%	4.96%	< 5.00%
Rates and annual charges collectable	<b>152,332</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>105,162</b>	<b>7.54</b>	6.39	7.59	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>13,952</b>	<b>mths</b>	mths	mths	mths

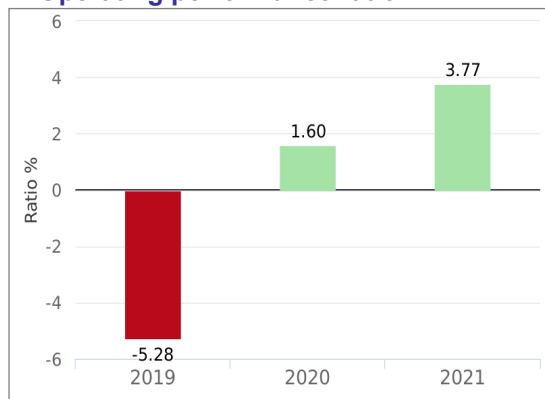
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets, net share of interests in joint ventures and associates using the equity method, Grant income reported in prior years due to changes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

## H Additional Council disclosures (unaudited)

### H1-1 Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 3.77%

This indicates Council's ability to contain operating expenditure within operating revenue. Improving ratio reflects Council's improved operating result.

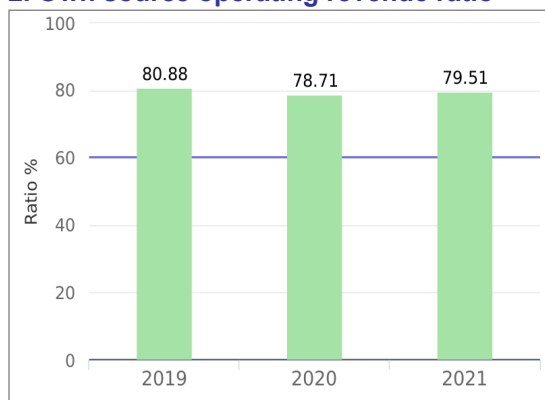
Benchmark: — > 0.00%

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 2020/21 result

2020/21 ratio 79.51%

This indicates that Council is less reliant on grants and contributions as a percentage of overall Council revenue.

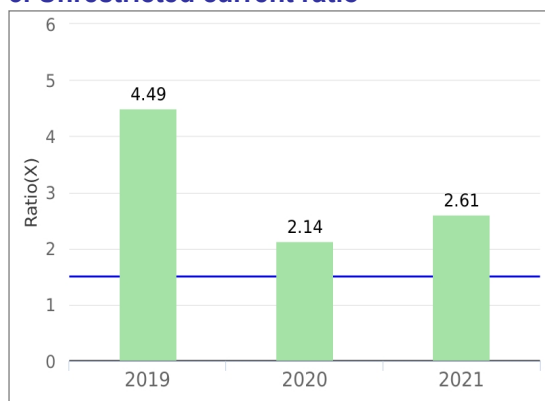
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 2.61x

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

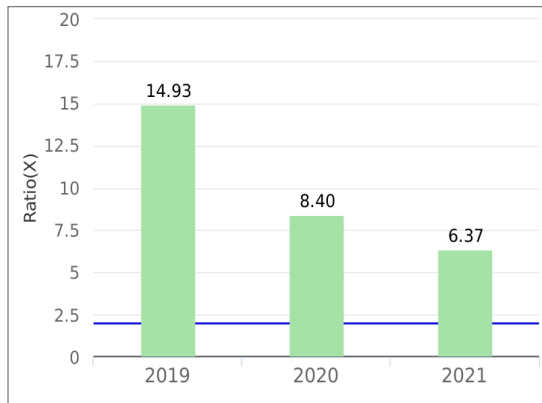
Ratio achieves benchmark

Ratio is outside benchmark



## H1-1 Statement of performance measures – consolidated results (graphs) (continued)

### 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2020/21 result**

2020/21 ratio 6.37x

This ratio indicates the ability for Council to meet debt repayments.

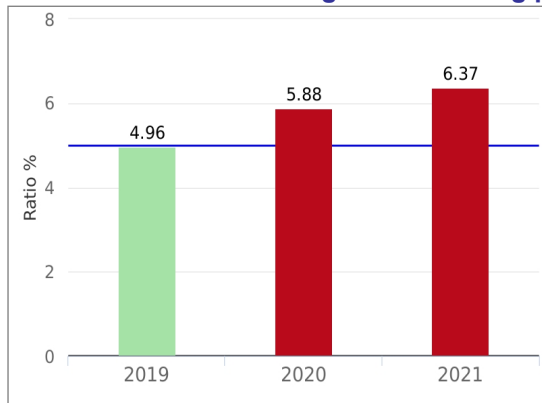
Benchmark: — > 2.00x

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 2020/21 result**

2020/21 ratio 6.37%

This ratio increased due to slower collections throughout the year due to the COVID impact on ratepayers.

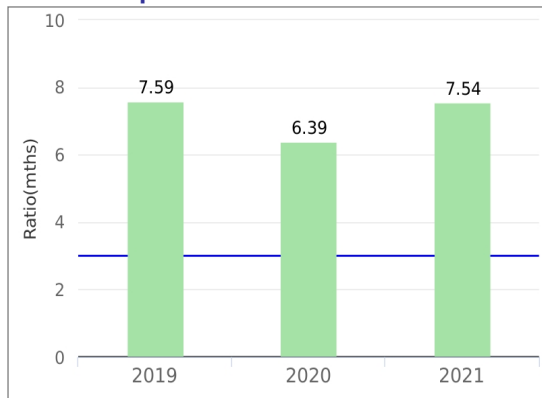
Benchmark: — < 5.00%

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 2020/21 result**

2020/21 ratio 7.54 mths

Council's Cash Expense Cover Ratio is above benchmark of 3 months. This shows that Council continues to pay for its immediate expenses without additional cash flow requirements.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Financial review

### One-Off Adjustment Considerations in Council's financial result

	<b>2021</b>
	<b>\$'000</b>
<b>One off/non-recurring income</b>	
Profit on Sale	421
Fair Value Interest	246
Fair Value Investment Property	4,527
Federal Grant	4,500
<b>Total one off/non-recurring income</b>	<b>9,694</b>
<b>One off/non-recurring expense</b>	
Revaluation decrement of IPPE	71,595
<b>Total one off/non-recurring expense</b>	<b>71,595</b>

### Significant Financial Impact Considerations from COVID-19 Pandemic

Council's income, as a result of the COVID-19 pandemic, was positively impacted by \$71k in 2020-21.

The following significant transactions were recognised:

	<b>\$'000</b>
Childcare	1,160
Learn to Swim and Swimming	316
Halls and Parks	280
Fines	573
Functions	771
Leases	379
Functions	-1,450
Grants Childcare	-1,100
Employee costs	-1,000
<b>Net Savings</b>	<b>-71</b>

### Total cash, cash equivalents and investments

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>\$'000</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>attributable to:</b>				
External restrictions	40,792	65,334	22,836	57,645
Internal restrictions	47,743	0	58,578	0
Unrestricted	9,634	0	(3,361)	0
<b>Total cash, cash equivalents and investments</b>	<b>98,169</b>	<b>65,334</b>	<b>78,053</b>	<b>57,645</b>

## H1-3 Council information and contact details

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**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](http://www.cumberland.nsw.gov.au)

**Email:** [council@cumberland.nsw.gov.au](mailto:council@cumberland.nsw.gov.au)

**Officers**

**General Manager**

Peter J Fitzgerald

**Responsible Accounting Officer**

Richard Sheridan

**Auditors**

Audit Office of NSW  
GPO Box 12  
Sydney NSW 2001

**Elected members**

**Mayor**

Steve Christou

**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 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, 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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Kenneth Leung  
Delegate of the Auditor-General for New South Wales

8 November 2021  
SYDNEY



Cr Steve Christou  
 Mayor  
 Cumberland City Council  
 16 Memorial Avenue  
 Merrylands NSW 2160

Contact: Kenneth Leung  
 Phone no: 02 9275 7257  
 Our ref: D2124651/1719

8 November 2021

Dear Mayor

**Report on the Conduct of the Audit  
 for the year ended 30 June 2021  
 Cumberland City Council**

I have audited the general purpose financial statements (GPFS) of Cumberland City Council (Council) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on Council's GPFS.

This Report on the Conduct of the Audit (the Report) for Council for the year ended 30 June 2021 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**

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	143.6	134.6	↑ 6.7
Grants and contributions revenue	47.5	47.5	↑ -
Operating result from continuing operations	(33.3)	31.0	↓ 207
Net operating result before capital grants and contributions	(59.5)	14.3	↓ 516

Council's operating deficit from continuing operations of \$33.3 million (including depreciation and amortisation expense of \$37.2 million) was \$64.3 million lower than the 2019–20 result. The net operating deficit before capital grants and contributions of \$59.5 million was \$73.8 million lower than the 2019-20 result.

The decreases were primarily due to a \$71.6 million revaluation decrement of infrastructure, property, plant and equipment in 2020-21.

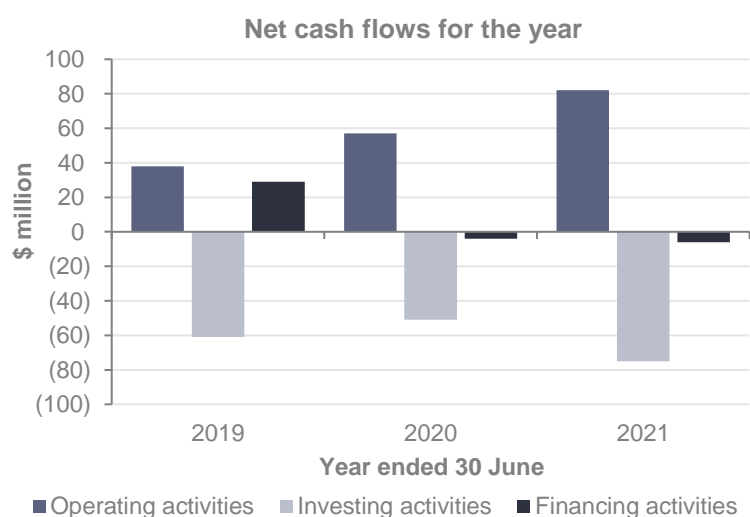
Rates and annual charges revenue (\$143.6 million) increased by \$9.0 million (6.7 per cent) in 2020-21. It was partly due to an:

- increase in ordinary rate revenue of \$2.8 million
- increase in domestic waste management services revenue of \$6.2 million.

Grants and contributions revenue (\$47.5 million) remained consistent from prior year.

## STATEMENT OF CASH FLOWS

- Operating cash flows increased by \$24.6 million in 2020-21 mainly due to uplift in cash receipts from grants and contributions of \$16.3 million as well as additional rates and annual charges of \$9.7 million
- Net cash outflows from Investing cash flows increased by \$24.0 million in 2020-21 partly due to acquisition of term deposits of \$17.1 million and purchase of investment securities of \$4.6 million
- Net cash outflows from financing activities of \$6.1 million related to repayment of borrowings and advances as well as principal component of lease payments.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>164</b>	<b>136</b>	<ul style="list-style-type: none"> <li>• Significant externally restricted funds included \$87.9 million in developer contributions</li> <li>• Significant internally restricted funds included \$12.5 million in the Merrylands CBD Reserve and \$8.5 million in the Property Reserve.</li> </ul>
Restricted cash and investments:			
• External restrictions	106	81	
• Internal restrictions	47.7	58.6	



## Debt

Council has access to a bank overdraft facility with an approved drawdown limit of \$1.5 million. There was no drawdown as at 30 June 2021.

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

## PERFORMANCE

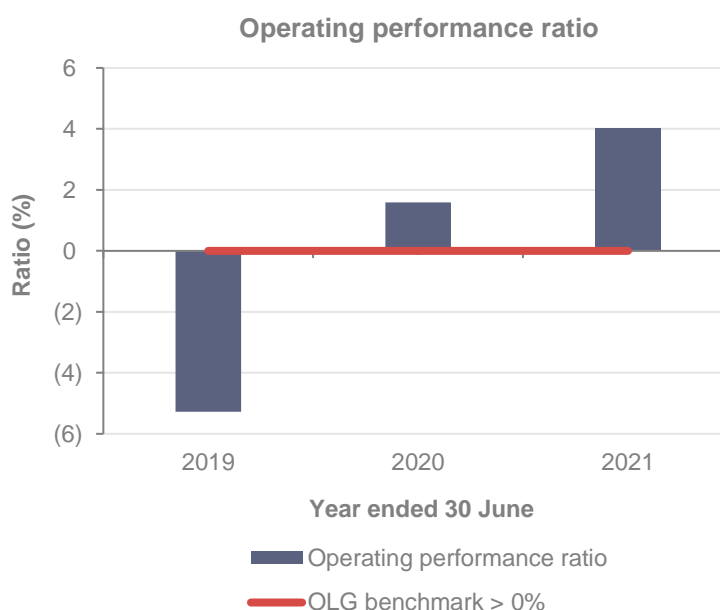
### Performance measures

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

#### Operating performance ratio

- Council has met the benchmark in the last two financial years
- Council's net operating result improved in 2020-21, mainly due to an increase in capital developer contributions of \$9.5 million.

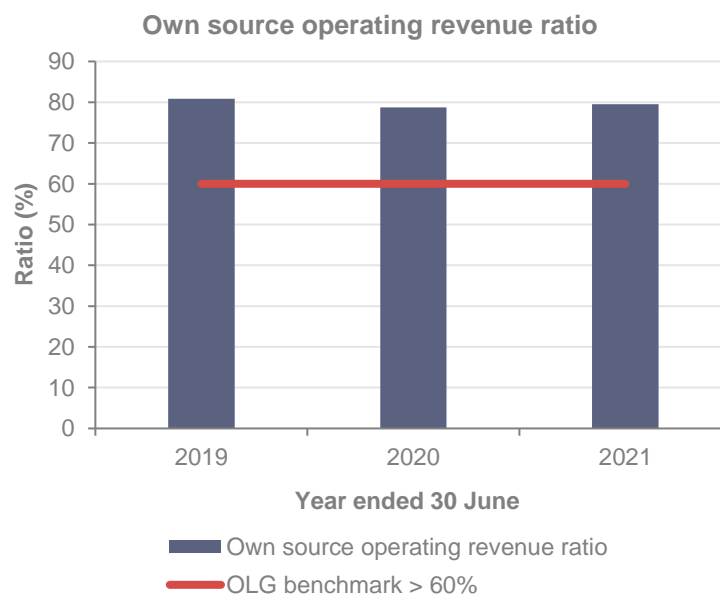
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



#### Own source operating revenue ratio

Council has met the industry benchmark in the last three years. The result remained stable.

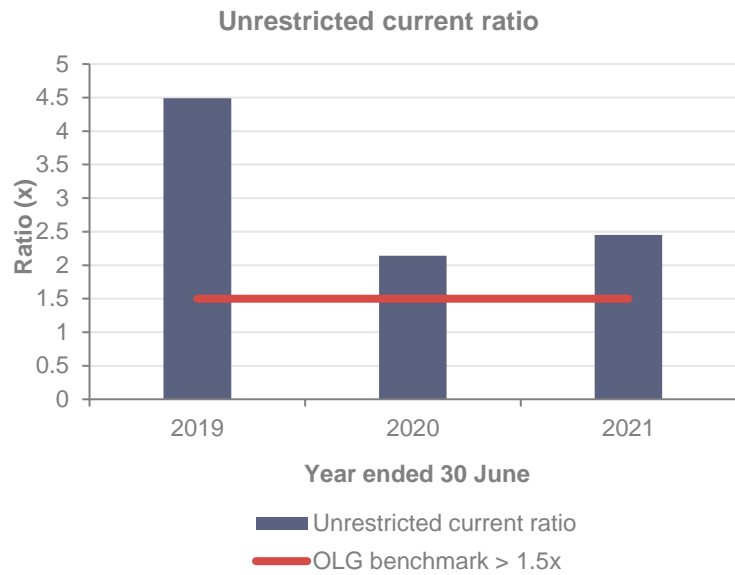
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council continued to exceed the industry benchmark of 1.5 per times. The ratio remained consistent compared to the prior year.

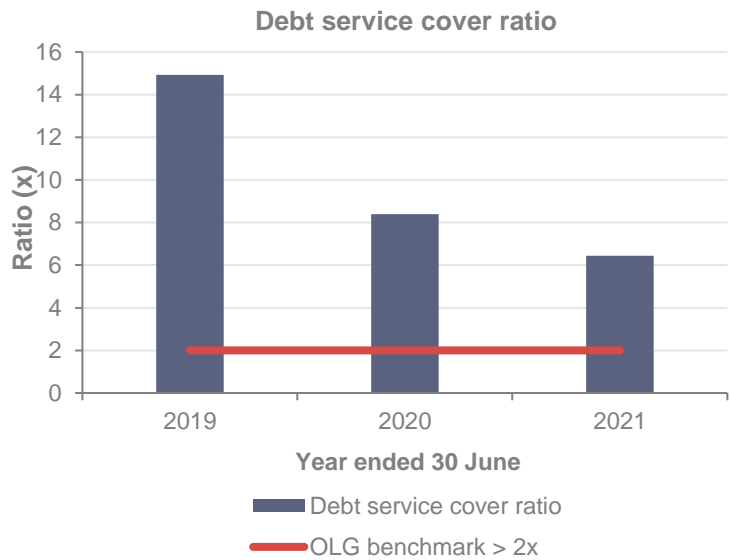
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

- Council continued to exceed industry benchmark over the last three years
- The ratio decreased in 2020-21 due to higher principal repayments in the current year.

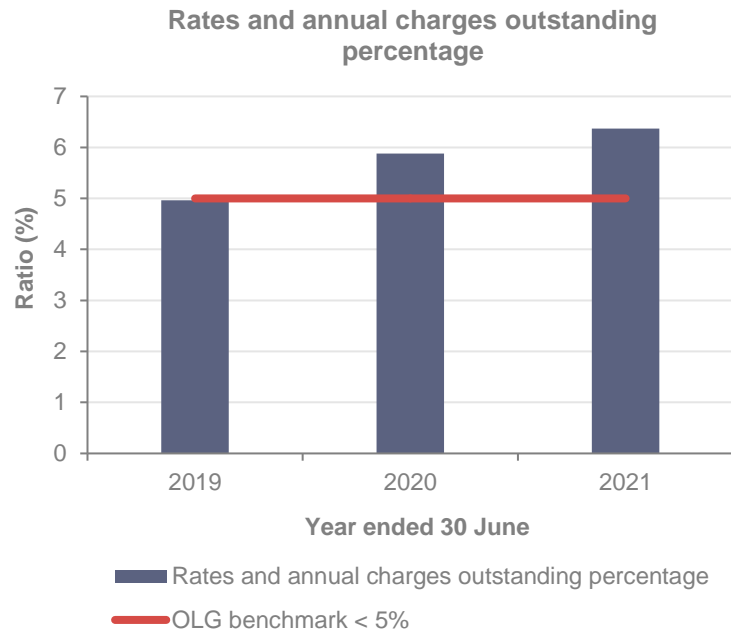
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

- Council did not meet the industry benchmark in last two years
- The ratio increased this year due to slower debtor collections in 2020-21, which included the impact of COVID-19 on ratepayers.

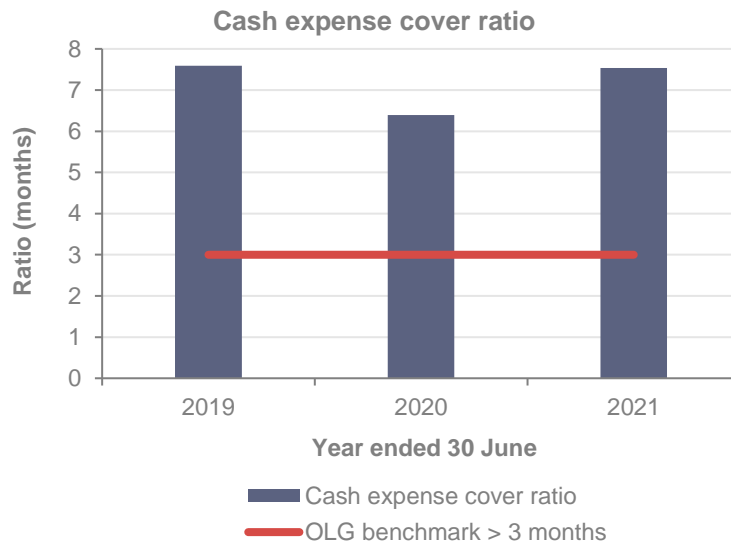
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

Council continued to meet the industry benchmark for the past three years.

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



### Infrastructure, property, plant and equipment renewals

Council's reported asset renewals of \$57.2 million was largely consistent with the prior year (\$63.2 million).

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in Council's accounting records or financial statements. 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.



Kenneth Leung

Delegate of the Auditor-General for New South Wales

cc:

Mr Peter J Fitzgerald, General Manager

Mr Stephen Horne, Chair of Audit, Risk and Improvement Committee

Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Cumberland City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Cumberland City Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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# Cumberland City Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

### 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 3 November 2021.



Steve Christou

Mayor

03 November 2021



Michael Zaiter

Deputy Mayor

03 November 2021



Peter J Fitzgerald

General Manager

03 November 2021



Richard Sheridan

Responsible Accounting Officer

03 November 2021

## Cumberland City Council

### Income Statement of Golf Course

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	1,536	1,143
Other income	3	–
<b>Total income from continuing operations</b>	<b>1,539</b>	<b>1,143</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	628	594
Materials and services	379	245
Depreciation, amortisation and impairment	141	61
Other expenses	–	8
Internal Overhead Expenses	14	27
<b>Total expenses from continuing operations</b>	<b>1,162</b>	<b>935</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>377</b>	<b>208</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>377</b>	<b>208</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>377</b>	<b>208</b>
Less: corporate taxation equivalent [based on result before capital]	(98)	(57)
<b>Surplus (deficit) after tax</b>	<b>279</b>	<b>151</b>
<b>Plus accumulated surplus</b>	<b>21,041</b>	<b>18,789</b>
<b>Plus/less: prior period adjustments</b>	<b>14,901</b>	<b>2,044</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	98	57
<b>Closing accumulated surplus</b>	<b>36,319</b>	<b>21,041</b>
<b>Return on capital %</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>165</b>	<b>–</b>



## Cumberland City Council

### Income Statement of Aged Care Units

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	362	346
<b>Total income from continuing operations</b>	<b>362</b>	<b>346</b>
<b>Expenses from continuing operations</b>		
Materials and services	176	195
Depreciation, amortisation and impairment	250	250
<b>Total expenses from continuing operations</b>	<b>426</b>	<b>445</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(64)</b>	<b>(99)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(64)</b>	<b>(99)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(64)</b>	<b>(99)</b>
<b>Surplus (deficit) after tax</b>	<b>(64)</b>	<b>(99)</b>
<b>Plus accumulated surplus</b>	<b>21,736</b>	21,835
<b>Plus/less: prior period adjustments</b>	<b>5,428</b>	–
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>27,100</b>	21,736
<b>Return on capital %</b>	<b>(0.2)%</b>	(0.5)%
<b>Subsidy from Council</b>	<b>467</b>	290

## Cumberland City Council

### Income Statement of Function Centres

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	524	469
Grants and contributions provided for non-capital purposes	82	–
Other income	21	39
Internal Income	413	403
<b>Total income from continuing operations</b>	<b>1,040</b>	<b>911</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	669	713
Materials and services	409	322
Depreciation, amortisation and impairment	174	170
Other expenses	18	21
Internal Overhead Expenses	182	283
<b>Total expenses from continuing operations</b>	<b>1,452</b>	<b>1,509</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(412)</b>	<b>(598)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(412)</b>	<b>(598)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(412)</b>	<b>(598)</b>
<b>Surplus (deficit) after tax</b>	<b>(412)</b>	<b>(598)</b>
<b>Plus accumulated surplus</b>	<b>5,144</b>	<b>5,381</b>
<b>Plus/less: prior period adjustments</b>	<b>(1,562)</b>	<b>361</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>3,170</b>	<b>5,144</b>
<b>Return on capital %</b>	<b>(12.0)%</b>	<b>(11.1)%</b>
<b>Subsidy from Council</b>	<b>463</b>	<b>645</b>

## Cumberland City Council

### Income Statement of Swim Centres

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	1,445	1,278
Grants and contributions provided for non-capital purposes	14	–
Other income	396	633
<b>Total income from continuing operations</b>	<b>1,855</b>	<b>1,911</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,561	2,016
Materials and services	2,350	2,150
Depreciation, amortisation and impairment	554	433
Calculated taxation equivalents	18	61
Internal Overhead Expenses	426	945
<b>Total expenses from continuing operations</b>	<b>4,909</b>	<b>5,605</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,054)</b>	<b>(3,694)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(3,054)</b>	<b>(3,694)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(3,054)</b>	<b>(3,694)</b>
<b>Surplus (deficit) after tax</b>	<b>(3,054)</b>	<b>(3,694)</b>
<b>Plus accumulated surplus</b>	<b>28,331</b>	<b>24,183</b>
<b>Plus/less: prior period adjustments</b>	<b>26,503</b>	<b>7,781</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	18	61
<b>Closing accumulated surplus</b>	<b>51,798</b>	<b>28,331</b>
<b>Return on capital %</b>	<b>(5.9)%</b>	<b>(12.9)%</b>
<b>Subsidy from Council</b>	<b>3,828</b>	<b>3,347</b>

## Cumberland City Council

### Income Statement of Long Day Care

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>Income from continuing operations</b>		
User charges	8,867	6,091
Grants and contributions provided for non-capital purposes	1,094	2,273
Other income	68	35
<b>Total income from continuing operations</b>	<b>10,029</b>	<b>8,399</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,671	7,390
Materials and services	359	237
Depreciation, amortisation and impairment	168	187
Calculated taxation equivalents	314	356
Other expenses	2	39
Internal Property & Overhead Expenses	3,801	4,518
<b>Total expenses from continuing operations</b>	<b>12,315</b>	<b>12,727</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,286)</b>	<b>(4,328)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,286)</b>	<b>(4,328)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,286)</b>	<b>(4,328)</b>
<b>Surplus (deficit) after tax</b>	<b>(2,286)</b>	<b>(4,328)</b>
<b>Plus accumulated surplus</b>	<b>24,523</b>	18,427
<b>Plus/less: prior period adjustments</b>	<b>4,417</b>	10,068
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	314	356
<b>Closing accumulated surplus</b>	<b>26,968</b>	24,523
<b>Return on capital %</b>	<b>(8.1)%</b>	(16.5)%
<b>Subsidy from Council</b>	<b>2,709</b>	4,558

## Cumberland City Council

### Statement of Financial Position of Golf Course

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	36,393	21,250
<b>Total non-current assets</b>	<b>36,393</b>	<b>21,250</b>
<b>Total assets</b>	<b>36,393</b>	<b>21,250</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	28	25
Employee benefit provisions	59	62
<b>Total current liabilities</b>	<b>87</b>	<b>87</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	85	122
<b>Total non-current liabilities</b>	<b>85</b>	<b>122</b>
<b>Total liabilities</b>	<b>172</b>	<b>209</b>
<b>Net assets</b>	<b>36,221</b>	<b>21,041</b>
<b>EQUITY</b>		
Accumulated surplus	36,221	21,041
<b>Total equity</b>	<b>36,221</b>	<b>21,041</b>

## Cumberland City Council

### Statement of Financial Position of Aged Care Units

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	29	19
<b>Total current assets</b>	<b>29</b>	<b>19</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	27,071	21,717
<b>Total non-current assets</b>	<b>27,071</b>	<b>21,717</b>
<b>Total assets</b>	<b>27,100</b>	<b>21,736</b>
<b>Net assets</b>	<b>27,100</b>	<b>21,736</b>
<b>EQUITY</b>		
Accumulated surplus	27,100	21,736
<b>Total equity</b>	<b>27,100</b>	<b>21,736</b>

## Cumberland City Council

### Statement of Financial Position of Function Centres

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	(8)	(25)
<b>Total current assets</b>	<b>(8)</b>	<b>(25)</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	3,437	5,395
<b>Total non-current assets</b>	<b>3,437</b>	<b>5,395</b>
<b>Total assets</b>	<b>3,429</b>	<b>5,370</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	14	1
Employee benefit provisions	91	80
<b>Total current liabilities</b>	<b>105</b>	<b>81</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	154	145
<b>Total non-current liabilities</b>	<b>154</b>	<b>145</b>
<b>Total liabilities</b>	<b>259</b>	<b>226</b>
<b>Net assets</b>	<b>3,170</b>	<b>5,144</b>
<b>EQUITY</b>		
Accumulated surplus	3,170	5,144
<b>Total equity</b>	<b>3,170</b>	<b>5,144</b>

## Cumberland City Council

### Statement of Financial Position of Swim Centres

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	51,977	28,549
<b>Total non-current assets</b>	<b>51,977</b>	<b>28,549</b>
<b>Total assets</b>	<b>51,977</b>	<b>28,549</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	33	24
Employee benefit provisions	63	72
<b>Total current liabilities</b>	<b>96</b>	<b>96</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	83	122
<b>Total non-current liabilities</b>	<b>83</b>	<b>122</b>
<b>Total liabilities</b>	<b>179</b>	<b>218</b>
<b>Net assets</b>	<b>51,798</b>	<b>28,331</b>
<b>EQUITY</b>		
Accumulated surplus	51,798	28,331
<b>Total equity</b>	<b>51,798</b>	<b>28,331</b>



## Cumberland City Council

### Statement of Financial Position of Long Day Care

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	28,388	26,164
<b>Total non-current assets</b>	<b>28,388</b>	<b>26,164</b>
<b>Total assets</b>	<b>28,388</b>	<b>26,164</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7	–
Employee benefit provisions	562	599
<b>Total current liabilities</b>	<b>569</b>	<b>599</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	851	1,042
<b>Total non-current liabilities</b>	<b>851</b>	<b>1,042</b>
<b>Total liabilities</b>	<b>1,420</b>	<b>1,641</b>
<b>Net assets</b>	<b>26,968</b>	<b>24,523</b>
<b>EQUITY</b>		
Accumulated surplus	26,968	24,523
<b>Total equity</b>	<b>26,968</b>	<b>24,523</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Child Care

Provision of Child Long Day Care Service

#### 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

##### d. Swimming Centres

Provision of Swimming Centre Activities

### 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 – Significant Accounting Policies (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 – 26%

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

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26%.

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 26% 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**

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

## Note – Significant Accounting Policies (continued)

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

### **(iii) Dividends**

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



**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 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies 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 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 Significant accounting policies 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 2021 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 Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

My objectives are to:

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

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

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

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

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



Kenneth Leung

Delegate of the Auditor-General for New South Wales

8 November 2021  
SYDNEY

# Cumberland City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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# Cumberland City Council

## Special Schedules

for the year ended 30 June 2021

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## Cumberland City Council

### Permissible income for general rates (Merger Councils)

\$ '000	Notes	2020/21		2020/21		2021/22		2021/22	
		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
<b>Notional general income calculation <sup>1</sup></b>									
Last year notional general income yield	a	26,126	57,365	14,428	97,919	27,207	59,701	14,463	101,371
Plus or minus adjustments <sup>2</sup>	b	(255)	(384)	124	(515)	–	–	–	–
<b>Notional general income</b>	c = a + b	<b>25,871</b>	<b>56,981</b>	<b>14,552</b>	<b>97,404</b>	<b>27,207</b>	<b>59,701</b>	<b>14,463</b>	<b>101,371</b>
<b>Permissible income calculation</b>									
Or rate peg percentage	e	2.60%	2.60%	2.60%		2.00%	2.00%	2.00%	
Or plus rate peg amount	i = e x (c + g)	673	1,482	378	2,533	544	1,194	289	2,027
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>26,544</b>	<b>58,463</b>	<b>14,930</b>	<b>99,937</b>	<b>27,751</b>	<b>60,895</b>	<b>14,752</b>	<b>103,398</b>
Plus (or minus) last year's carry forward total	l	(137)	340	126	329	(800)	(898)	593	(1,105)
<b>Sub-total</b>	n = (l + m)	<b>(137)</b>	<b>340</b>	<b>126</b>	<b>329</b>	<b>(800)</b>	<b>(898)</b>	<b>593</b>	<b>(1,105)</b>
<b>Total permissible income</b>	o = k + n	<b>26,407</b>	<b>58,803</b>	<b>15,056</b>	<b>100,266</b>	<b>26,951</b>	<b>59,997</b>	<b>15,345</b>	<b>102,293</b>
Less notional general income yield	p	27,207	59,701	14,463	101,371	–	–	–	–
<b>Catch-up or (excess) result</b>	q = o – p	<b>(801)</b>	<b>(899)</b>	<b>593</b>	<b>(1,107)</b>	<b>26,951</b>	<b>59,997</b>	<b>15,346</b>	<b>102,294</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(801)</b>	<b>(899)</b>	<b>593</b>	<b>(1,107)</b>	<b>26,951</b>	<b>59,997</b>	<b>15,346</b>	<b>102,294</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



**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 2022.

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 2020–21 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2021 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 2021'.

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:


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

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

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

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

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



Kenneth Leung

Delegate of the Auditor-General for New South Wales

8 November 2021  
SYDNEY

## Cumberland City Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000			1	2	3	4	5
<b>Buildings</b>	Buildings	4,033	6,907	5,315	10,687	323,981	431,337	45.4%	38.9%	14.1%	1.1%	0.5%
	<b>Sub-total</b>	<b>4,033</b>	<b>6,907</b>	<b>5,315</b>	<b>10,687</b>	<b>323,981</b>	<b>431,337</b>	<b>45.4%</b>	<b>38.9%</b>	<b>14.1%</b>	<b>1.1%</b>	<b>0.5%</b>
<b>Roads</b>	Roads	38,062	67,297	7,574	9,090	438,790	581,510	41.5%	33.9%	13.0%	8.5%	3.0%
	Bridges	315	599	384	–	42,963	50,510	26.9%	51.9%	20.0%	1.1%	0.1%
	Kerbs	–	–	2,240	–	120,270	203,186	7.2%	32.6%	60.3%	0.0%	0.0%
	Footpaths	925	1,825	1,987	450	109,752	161,402	4.7%	26.3%	67.9%	1.1%	0.0%
	Car Parks	–	–	171	–	8,642	12,804	10.3%	6.1%	83.6%	0.0%	0.0%
	Retaining Walls	–	–	5	–	1,009	1,054	100.0%	0.0%	0.0%	0.0%	0.0%
	Public Transport Shelters	924	1,848	92	–	462	1,848	0.0%	0.0%	0.0%	100.0%	0.0%
	Signs	26	48	10	117	572	938	54.8%	10.7%	29.5%	4.3%	0.8%
	Street Furniture	–	–	45	–	1,915	3,461	0.4%	20.5%	79.1%	0.0%	0.0%
	Traffic Management Devices	924	1,812	479	383	13,523	28,090	0.7%	2.5%	90.3%	6.2%	0.3%
<b>Sub-total</b>	<b>41,176</b>	<b>73,429</b>	<b>12,987</b>	<b>10,040</b>	<b>737,898</b>	<b>1,044,803</b>	<b>26.8%</b>	<b>32.0%</b>	<b>34.1%</b>	<b>5.3%</b>	<b>1.7%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	21,977	40,596	3,733	974	379,779	561,345	32.6%	52.3%	7.9%	6.0%	1.2%
	Stormwater GPT	138	276	58	–	6,830	7,986	71.7%	0.9%	24.0%	3.5%	0.0%
	Stormwater Pits	5,695	10,739	1,053	–	46,787	72,709	10.4%	46.7%	28.2%	13.0%	1.8%
	<b>Sub-total</b>	<b>27,810</b>	<b>51,611</b>	<b>4,844</b>	<b>974</b>	<b>433,397</b>	<b>642,040</b>	<b>30.5%</b>	<b>51.0%</b>	<b>10.4%</b>	<b>6.8%</b>	<b>1.3%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	68	346	8,007	10,936	25.0%	44.0%	31.0%	0.0%	0.0%
	Park Infrastructure	2,866	4,825	955	4,636	80,522	110,564	16.8%	53.5%	25.4%	2.7%	1.7%
	Park active Areas	3,106	5,431	703	–	49,251	57,701	37.2%	37.4%	16.0%	6.7%	2.7%
	Bins	7	13	37	–	724	724	11.4%	64.9%	21.9%	1.4%	0.4%
	Open Space Furniture	179	300	86	–	6,714	8,481	14.7%	46.7%	35.1%	2.2%	1.4%
<b>Sub-total</b>	<b>6,158</b>	<b>10,569</b>	<b>1,849</b>	<b>4,982</b>	<b>145,218</b>	<b>188,406</b>	<b>23.4%</b>	<b>47.7%</b>	<b>23.3%</b>	<b>3.8%</b>	<b>1.9%</b>	
<b>Total – all assets</b>		<b>79,177</b>	<b>142,516</b>	<b>24,995</b>	<b>26,683</b>	<b>1,640,494</b>	<b>2,306,586</b>	<b>31.1%</b>	<b>39.9%</b>	<b>22.9%</b>	<b>4.8%</b>	<b>1.4%</b>

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

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)

## Cumberland City Council

### Report on infrastructure assets as at 30 June 2021 (continued)

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2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Cumberland City Council

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

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

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>34,284</b>	<b>113.30%</b>	101.93%	139.87%	>= 100.00%
Depreciation, amortisation and impairment	<b>30,260</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>79,177</b>	<b>4.77%</b>	4.83%	5.50%	< 2.00%
Net carrying amount of infrastructure assets	<b>1,660,734</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>26,683</b>	<b>106.75%</b>	102.41%	133.99%	> 100.00%
Required asset maintenance	<b>24,995</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>142,516</b>	<b>6.18%</b>	3.87%	2.29%	
Gross replacement cost	<b>2,306,586</b>				

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

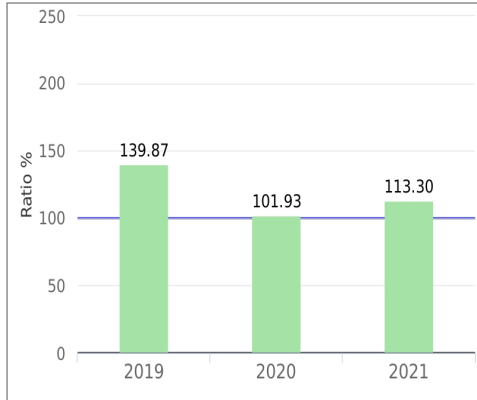
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



# Cumberland City Council

## Report on infrastructure assets as at 30 June 2021

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

Commentary on result	
20/21 ratio	113.30%
Council continues to spend more than what is required in order to maintain assets in a satisfactory condition and to halt the growth of infrastructure backlog.	

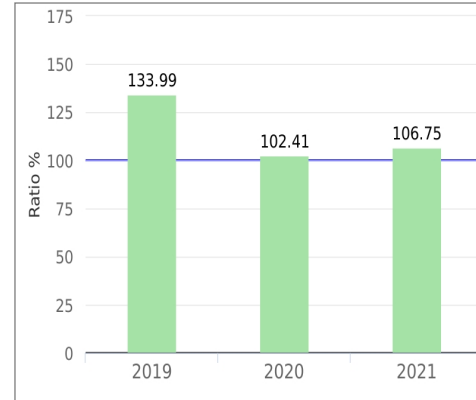
Benchmark: —  $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

Commentary on result	
20/21 ratio	106.75%
Council continues to invest sufficient funds towards asset maintenance. Maintaining a ratio above 100% ensures assets do not deteriorate rapidly and increase Council's infrastructure backlog.	

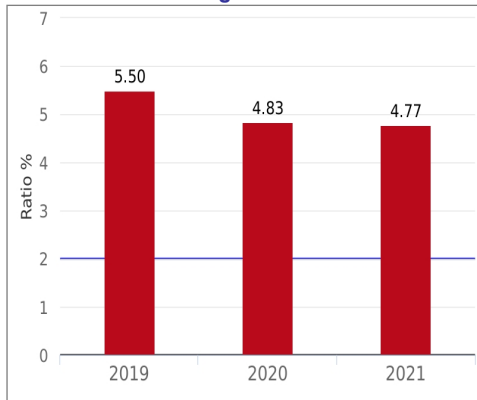
Benchmark: —  $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

Commentary on result	
20/21 ratio	4.77%
Indicates the proportion of Council assets that have reached the intervention level set by Council. Cumberland's sustainability policy is to ensure that condition 3 assets are assigned to work programs in the four year operational plan.	

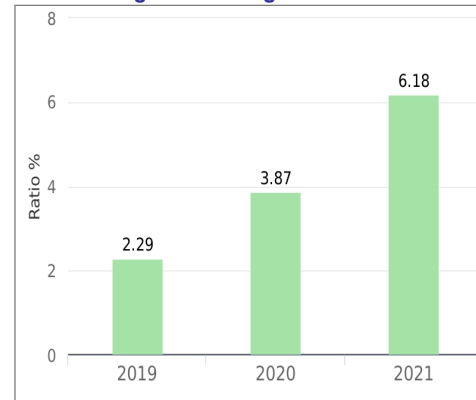
Benchmark: —  $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Cost to bring assets to agreed service level



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

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

Commentary on result	
20/21 ratio	6.18%
The level of asset renewals throughout the year reflects the cost required to bring assets to an agreed service level ratio.	