

Central Coast Council

**Ordinary Council Meeting**

**Attachments Provided  
Under Separate Cover**

**Tuesday 12 October 2021**

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**Central Coast Council**  
**Attachments Provided Under Separate Cover to the**  
**Ordinary Council Meeting**  
To be held Remotely - Online,  
on Tuesday 12 October 2021  
Commencing at 6.30pm

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Central Coast Council

Ordinary Council Meeting

Held Remotely - Online

28 September 2021

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## MINUTES

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### **Present**

Rik Hart

### **In Attendance**

David Farmer	Chief Executive Officer
Boris Bolgoff	Director Infrastructure Services
Natalia Cowley	Director Corporate Affairs and Chief Financial Officer
Scott Cox	Director Environment and Planning
Jamie Loader	Director Water and Sewer
Julie Vaughan	Director Community and Recreation Services

### **Notes**

The Administrator, Rik Hart, declared the meeting open at 6.30pm and advised in accordance with the Code of Meeting Practice that the meeting was being recorded.

The Administrator, Rik Hart acknowledged the traditional custodians of the land on which the meeting was being held, and paid respect to Elders past, present and emerging.

The Administrator updated the meeting on recent activities of Council.

There was no Open Forum held as no eligible requests to speak were received.

**Minutes of the Ordinary Council Meeting of Council 28 September 2021 contd**

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**1.1 Disclosure of Interest**

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Time commenced: 6:38pm

Moved: Rik Hart

**236/21 Resolved**

***That Council note the report on Disclosure of Interest and the fact that no disclosures were made.***

**1.2 Confirmation of Minutes of Previous Meeting**

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Time commenced: 6:38pm

Moved: Rik Hart

**237/21 Resolved**

***That Council confirm the minutes of the Ordinary Meeting of Council held on 14 September 2021.***

**1.3 Notice of Intention to Deal with Matters in Confidential Session**

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Time commenced: 6:38pm

Moved: Rik Hart

**238/21 Resolved**

***That Council note that no matters have been tabled to deal with in a closed session.***

**2.1 Monthly Finance Report – August 2021**

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Time commenced: 6:39pm

Moved: Rik Hart

**239/21 Resolved**

**1 That Council note the report Monthly Finance Report – August 2021.**

**2 That Council adopt the amendments to the 2021-2022 Capital Works Program detailed in Attachment 8.**



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Minutes of the Ordinary Council Meeting of Council 28 September 2021 contd

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**2.2 Investment Report for August 2021**

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Time commenced: 6:47pm

Moved: Rik Hart

**240/21 Resolved**

- 1 That Council note the Investment Report for August 2021;**
- 2 That Council note that internally restricted funds are unrestricted funds that have been internally allocated to a certain purpose; and**
- 3 That Council where possible allocate sufficient internally restricted funds to meet its August 2021 unrestricted funds deficit of \$49.7M as set out in this report.**

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**2.3 Special Rate Variation application by Council**

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Time commenced: 6:57pm

Ms Joy Cooper addressed the meeting at 6:58pm  
Mr Kevin Brooks addressed the meeting at 7:03pm

Moved: Rik Hart

**241/21 Resolved**

- 1 That Council endorse the making of an application to the Independent Pricing and Regulatory Tribunal to maintain the Special Variation (SV) increase that was implemented in the 2021/2022 year for another 7 years.**
- 2 That the funds raised from this Special Variation are to continue to fund the financial commitments that enabled Council's financial sustainability.**
- 3 That Council notify IPART accordingly.**
- 4 That Council staff update the integrated planning and reporting documents with information relevant to the proposed SV application.**
- 5 That Council staff undertake community consultation in relation to service levels to inform the proposed SV.**
- 6 That Council undertake recruitment of a representative sample, of randomly selected rate payers, to participate in a Community Reference Group in relation to the proposed SV application to commence by late October 2021.**
- 7 That a budget of \$150,000 be set aside from general ledger 10.11202.870030.000.00000 to fund the community engagement program.**

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Minutes of the Ordinary Council Meeting of Council 28 September 2021 contd

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**2.4 Draft Warnervale District Contribution Plan 2021 - Outcomes of Public Exhibition and Adoption of Plan**

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Time commenced: 7:46pm

Mr David Kitson addressed the meeting at 7:47pm

**Moved: Rik Hart**

**242/21 Resolved**

- 1 That Council adopt the draft Warnervale District Contribution Plan 2021 and Technical Document (as amended) as outlined in Attachment 1 and 2.**
- 2 That Council give public notice of its decision within 28 days of its resolution in accordance with the requirements of the Environmental Planning & Assessment Regulation 2000.**
- 3 That Council advise all those that made a submission of the decision.**

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**2.5 Draft Central Coast Tennis Facilities Action Plan**

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Time commenced: 8:06 pm

**Moved: Rik Hart**

**243/21 Resolved**

- 1 That Council endorse the draft Central Coast Tennis Facilities Action Plan for the purpose of communication consultation.**
- 2 That Council place the draft Central Coast Tennis Facilities Action Plan on public exhibition for a period of 28 days.**
- 3 That Council request the Chief Executive Officer provide a further report back to Council on the outcomes of the public exhibition.**

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**2.6 Facility Fee Relief Due to COVID Restrictions**

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Time commenced: 8:09pm

Ms Diane Dales addressed the meeting at 8:10pm

**Moved: Rik Hart**

Minutes of the Ordinary Council Meeting of Council 28 September 2021 contd

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**244/21 Resolved**

- 1 That Council approve Option 1 as the preferred fee relief to sporting associations and clubs, that offer to refund players, commensurate to the period that the sporting facilities were not available for the sports to operate due to the NSW Government lockdown.**
- 2 That Council approve Option 1 as the preferred rent relief to community organisations operating under a community lease or licence, that are suffering from financial hardship due to the impact of NSW Government lockdown and do not have the capacity to pay their rental fee.**

**2.7 Public exhibition of the Central Coast Green Grid Plan**

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Time commenced: 8:19pm

Moved: Rik Hart

**245/21 Resolved**

- 1 That Council endorse the draft Central Coast Green Grid Plan: Our Place for the purpose of community consultation.**
- 2 That Council place the draft Central Coast Green Grid Plan: Our Place on public exhibition for a period of 28 days.**
- 3 That Council request the Chief Executive Officer provide a further report back to Council on the outcomes of the public exhibition.**

**2.8 Governance Lighthouse report as at 30 June 2021**

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Time commenced: 8:23pm

Moved: Rik Hart

**246/21 Resolved**

**That Council note the Governance Lighthouse report as at 30 June 2021 as provided as an Attachment 1 to this report.**

**2.9 Unreasonable Complainant Conduct Policy**

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Time commenced: 8:24pm

Moved: Rik Hart

**Minutes of the Ordinary Council Meeting of Council 28 September 2021 contd**

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**247/21 Resolved**

***That Council adopt the recommended changes to the Unreasonable Complainant Conduct Policy as per Attachment 1.***

**2.10 Complaints and Feedback Management Policy**

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Time commenced: 8:25pm

Moved: Rik Hart

**248/21 Resolved**

- 1 That Council endorse the recommended changes to the Complaints and Feedback Management Policy as per Attachment 1.**
- 2 That Council place on public exhibition the updated Complaints and Feedback Management Policy for a period of 28 days; and**
- 3 That Council receive a further report at the conclusion of the exhibition period that considers any submissions prior to adopting the policy.**

**2.11 Activities of the Development Assessment Unit - January to June Period**

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Time commenced: 8:25pm

Moved: Rik Hart

**249/21 Resolved**

***That Council note the report on Activities of the Development Assessment and Environmental Compliance and Systems Units - January to June 2021.***

**2.12 End of Term Report 2018-19 to 2020-21**

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Time commenced: 8:32pm

Moved: Rik Hart

**250/21 Resolved**

***That Council adopt the End of Term Report 2018-19 to 2020-21.***

**The Meeting** closed at 8:38pm.

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## Central Coast Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*A vibrant and sustainable Central Coast*



## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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## Overview

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

2 Hely Street Wyong, NSW 2259  
49 Mann Street Gosford, NSW 2250

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

## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 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 Interim Administrator/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 Audit Office of NSW.

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.

**Central Coast Council****General Purpose Financial Statements**

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 29 October 2021

Rik Hart  
Interim Administrator  
29 October 2021

David Farmer  
Chief Executive Officer  
29 October 2021

Natalia Cowley  
Responsible Accounting Officer  
29 October 2021



## Central Coast 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>				
335,480	Rates and annual charges	B2-1	331,384	321,946
140,550	User charges and fees	B2-2	139,103	129,480
9,017	Other revenue	B2-3	12,667	9,293
47,512	Grants and contributions provided for operating purposes	B2-4	42,408	44,436
39,287	Grants and contributions provided for capital purposes	B2-4	83,702	66,901
10,340	Interest and investment income	B2-5	5,893	12,727
8,137	Other income	B2-6	8,215	7,724
590,323	<b>Total income from continuing operations</b>		<b>623,372</b>	<b>592,507</b>
<b>Expenses from continuing operations</b>				
200,862	Employee benefits and on-costs	B3-1	222,616	220,882
163,869	Materials and services	B3-2	165,623	175,731
15,038	Borrowing costs	B3-3	16,708	16,151
141,732	Depreciation, amortisation and impairment for non-financial assets	B3-4	183,156	157,109
42,932	Other expenses	B3-5	36,059	39,540
—	Net losses from the disposal of assets	B4-1	7,052	4,931
564,433	<b>Total expenses from continuing operations</b>		<b>631,214</b>	<b>614,344</b>
25,890	<b>Operating result from continuing operations</b>		<b>(7,842)</b>	<b>(21,837)</b>
25,890	<b>Net operating result for the year attributable to Council</b>		<b>(7,842)</b>	<b>(21,837)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
(13,397)			(91,544)	(88,738)

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

## Central Coast 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>(7,842)</b>	<b>(21,837)</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequent to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>(19,541)</b>	60,167
<b>Total other comprehensive income for the year</b>		<b>(19,541)</b>	<b>60,167</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>(27,383)</b>	<b>38,330</b>

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

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## Central Coast 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	65,709	92,296
Investments	C1-2	164,794	166,210
Receivables	C1-4	62,498	81,154
Inventories	C1-5	1,403	1,646
Current assets classified as 'held for sale'	C1-7	44,358	—
Other		3,608	6,459
<b>Total current assets</b>		<b>342,370</b>	<b>347,765</b>
<b>Non-current assets</b>			
Investments	C1-2	255,297	104,202
Receivables	C1-4	3,384	3,768
Infrastructure, property, plant and equipment	C1-8	7,106,837	7,217,178
Intangible Assets	C1-9	30,176	9,084
Right of use assets	C2-1	2,483	1,804
Other		623	254
<b>Total non-current assets</b>		<b>7,398,800</b>	<b>7,336,290</b>
<b>Total assets</b>		<b>7,741,170</b>	<b>7,684,055</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	71,137	94,153
Income received in advance	C3-1	2,916	2,795
Contract liabilities	C3-2	13,527	10,644
Lease liabilities	C2-1	241	287
Borrowings	C3-3	40,554	44,790
Employee benefit provisions	C3-4	52,492	58,012
Provisions	C3-5	6,287	6,758
<b>Total current liabilities</b>		<b>187,154</b>	<b>217,439</b>
<b>Non-current liabilities</b>			
Income received in advance	C3-1	6,766	7,381
Contract liabilities	C3-2	2,254	2,352
Lease liabilities	C2-1	2,320	1,552
Borrowings	C3-3	307,674	191,798
Employee benefit provisions	C3-4	3,144	2,900
Provisions	C3-5	75,304	76,696
<b>Total non-current liabilities</b>		<b>397,462</b>	<b>282,679</b>
<b>Total liabilities</b>		<b>584,616</b>	<b>500,118</b>
<b>Net assets</b>		<b>7,156,554</b>	<b>7,183,937</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	6,924,141	6,931,983
IPPE revaluation reserve	C4-1	232,413	251,954
<b>Council interest</b>		<b>7,156,554</b>	<b>7,183,937</b>
<b>Total equity</b>		<b>7,156,554</b>	<b>7,183,937</b>

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

## Central Coast 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		6,931,983	251,954	7,183,937	6,989,141	191,787	7,180,928
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(14,412)	–	(14,412)
Voluntary changes in accounting policies	G4-1	–	–	–	(20,909)	–	(20,909)
<b>Restated opening balance</b>		<b>6,931,983</b>	<b>251,954</b>	<b>7,183,937</b>	<b>6,953,820</b>	<b>191,787</b>	<b>7,145,607</b>
Net operating result for the year		(7,842)	–	(7,842)	(21,837)	–	(21,837)
<b>Other comprehensive income</b>							
– Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	(19,541)	(19,541)	–	60,167	60,167
<b>Total comprehensive income</b>		<b>(7,842)</b>	<b>(19,541)</b>	<b>(27,383)</b>	<b>(21,837)</b>	<b>60,167</b>	<b>38,330</b>
<b>Closing balance at 30 June</b>		<b>6,924,141</b>	<b>232,413</b>	<b>7,156,554</b>	<b>6,931,983</b>	<b>251,954</b>	<b>7,183,937</b>

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

## Central Coast 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>				
<b>Receipts:</b>				
337,078	Rates and annual charges		335,536	321,075
143,054	User charges and fees		149,855	119,666
11,795	Interest received		5,757	10,274
87,525	Grants and contributions		101,348	90,445
–	Bonds, deposits and retentions received		83	–
15,239	Other		56,144	56,479
<b>Payments:</b>				
(202,579)	Payments to employees		(232,395)	(213,972)
(106,441)	Payments for materials and services		(195,393)	(142,480)
(13,899)	Borrowing costs		(15,848)	(14,958)
(395)	Bonds, deposits and retentions refunded		–	(23)
(104,618)	Other		(56,355)	(105,121)
166,759	<b>Net cash flows from operating activities</b>	G1-1a	<b>148,732</b>	<b>121,385</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
99,232	Sale of investments		259,406	336,750
–	Sale of infrastructure, property, plant and equipment		8,784	7,037
<b>Payments:</b>				
–	Purchase of investments		(408,524)	(170,230)
(224,990)	Purchase of infrastructure, property, plant and equipment		(122,800)	(227,511)
–	Purchase of intangible assets		(23,454)	(22,461)
–	Deferred debtors and advances made		(294)	27
(125,758)	<b>Net cash flows from investing activities</b>		<b>(286,882)</b>	<b>(76,388)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
50,000	Proceeds from borrowings		174,618	50,000
<b>Payments:</b>				
(44,782)	Repayment of borrowings		(62,808)	(46,569)
–	Principal component of lease payments		(247)	(191)
5,218	<b>Net cash flows from financing activities</b>		<b>111,563</b>	<b>3,240</b>
46,219	<b>Net change in cash and cash equivalents</b>		<b>(26,587)</b>	<b>48,237</b>
37,877	Plus: cash and cash equivalents – beginning of period		92,296	44,059
84,096	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>65,709</b>	<b>92,296</b>
275,248	Investments on hand at end of year	C1-2	420,091	270,412
359,344	<b>Total cash, cash equivalents and investments</b>		<b>485,800</b>	<b>362,708</b>

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

## Central Coast Council

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## Central Coast Council

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## **A About Council and these financial statements**

### **A1-1 Basis of preparation**

These financial statements were authorised for issue by Council on 29 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **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 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 Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- i. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

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

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

#### **COVID-19 Impact**

The COVID-19 pandemic continues to impact the community where Council operates. This pandemic declared a global pandemic by the World Health Organisation on 11 March 2020, has had a financial impact for Council in the financial year ended 30 June 2021 which has impacted the comparability of some line items and amounts reported in this financial report.

COVID-19 has caused disruption to council's business practices with a number of staff working remotely from home away from the main administration buildings and other council facilities. Whilst this has caused some inconvenience it has not resulted in significant additional cost or significant reduced costs for Council.

The impacts on Council's financial performance and financial position are outlined below.

- Additional costs (although not material), in conjunction with public health order activities (e.g. cleaning, inventory purchases of face masks and hand sanitiser and other health and safety initiatives) have been incurred.

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## A1-1 Basis of preparation (continued)

- User charges and fee income including child care, holiday parks and swimming centres recovered as restrictions were lifted in 2020-21.
- Employee leave entitlements increased due to a reduction in leave taken due to COVID-19.

These Financial Statements reflect the financial impact of the Covid-19 pandemic to date, incorporating the above measures to the extent incurred, along with additional impacts to income collections resulting from financial hardship. Estimates of expected credit losses in respect of receivables have been updated to reflect expected impacts on debt collection.

No material changes have been noted in asset values.

### Going Concern

The Financial Statements have been prepared on a going concern basis, which assumes Council will be able to meet its debts and other financial obligations as they fall due.

Since disclosing Council's serious financial situation on 6 October 2020, Council has achieved the following:

- Obtained \$150M in bank loans - which has returned Council to a positive unrestricted cash and investment position;
- Reduced staff numbers through an organisational restructure and redundancy program;
- Implemented strategies to reduce materials and contracts expenditure;
- Placed Council-identified underperforming assets for sale;
- Applied for a one-off 15% Special Rate Variation (SRV)

Council's forecast ten year long term financial plan is based on an expectation of receiving the one-off 15% SRV, (13% + 2% standard rate peg) which would be applied in 2021-2022 and remaining permanently in the rate base. IPART has approved this increase for three years through to 30 June 2024 during which time Council will seek to extend the SRV to ensure its recovery program continues.

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

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

- general purpose operations
- water service
- sewerage service
- drainage
- domestic waste
- committees established under the *Local Government Act 1993 (NSW)* S355

#### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by 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.

Trust monies and other assets held by Council in its capacity as a Trustee and not considered to be under the control of Council have been excluded from these financial statements.

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

### Goods and Services Tax (GST)

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

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

## A1-1 Basis of preparation (continued)

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 are services received by Council from individuals or other entities without charge or for consideration significantly less than the fair value of those services. These may include:

- Committees with volunteer members,
- Volunteers at art galleries or museums,
- Library volunteers,
- Childcare volunteers,
- Outdoor space volunteers, and
- Volunteers at special Council events.

Volunteer services will only be recognised when:

- such services would be purchased if they had not been donated, and
- the fair value of those services can be reliably measured.

Council has recognised the cost and associated income of volunteer services in relation to Council's Art Gallery and Theatre as Other Income and Other Expenses in Notes B2-3 and B3-2 respectively.

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

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

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

### New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

None of these Standards had a significant impact on Council's reported position or performance.

## 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>										
Responsible	376,720	353,713	477,896	461,867	(101,176)	(108,154)	105,512	50,732	7,205,219	7,033,333
Liveable	35,625	28,049	88,560	91,271	(52,935)	(63,222)	14,824	8,371	452,408	549,504
Belonging	4,418	3,573	18,187	19,851	(13,769)	(16,278)	55	169	29,051	28,673
Smart	15,669	10,805	25,089	21,267	(9,420)	(10,462)	2,813	997	29,488	40,226
Green	3,642	4,591	21,482	20,088	(17,840)	(15,497)	2,906	4,146	25,004	32,319
General Purpose Income	187,298	191,776	–	–	187,298	191,776	–	–	–	–
<b>Total functions and activities</b>	<b>623,372</b>	<b>592,507</b>	<b>631,214</b>	<b>614,344</b>	<b>(7,842)</b>	<b>(21,837)</b>	<b>126,110</b>	<b>64,415</b>	<b>7,741,170</b>	<b>7,684,055</b>

## B1-2 Components of functions or activities

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

### Responsible

- Governance
- Partnerships - Plans into practice
- Communicate with community
- Engage with community
- Serve the community
- Delivering essential Infrastructure (Roads, Carparks, Energy, Water, Telecommunications)

### Liveable

- Public transport connections
- Plans transport management options
- Shared pathways
- Signage, public facilities, amenities, playgrounds, public areas
- Waterways, wharves, jetties, boat ramps and ocean baths
- Sport, leisure, recreational facilities, open space
- Healthcare
- Learning and knowledge
- Community facilities
- Heritage
- Land use planning
- Environmental
- Housing

### Belonging

- Community spirit
- Connect people
- Inclusion and well being
- Social and health issues
- Community safety
- Activate places
- Events
- Sporting, cultural, festivals
- Arts

### Smart

- Economic development
- CBD, town centres
- Tourism
- Innovation and futures

### Green

- Natural areas
- Biodiversity
- Water quality
- Litter and landfill
- Renewable energy
- Protection of environment

**B2 Sources of income****B2-1 Rates and annual charges**

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	148,957	145,920
Farmland	785	779
Mining	755	943
Business	21,030	20,311
Less: pensioner rebates (State Government funded)	(2,206)	(2,230)
Less: pensioner rebates (Council funded)	(1,806)	(1,826)
<b>Rates levied to ratepayers</b>	<b>167,515</b>	<b>163,897</b>
Pensioner rate subsidies received	2,209	2,243
<b>Total ordinary rates</b>	<b>169,724</b>	<b>166,140</b>
<b>Special rates</b>		
Town improvement	1,319	1,328
Parking	190	186
Tourism / business development	936	914
<b>Rates levied to ratepayers</b>	<b>2,445</b>	<b>2,428</b>
<b>Total special rates</b>	<b>2,445</b>	<b>2,428</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	75,168	72,464
Water supply services	12,701	12,396
Drainage	14,940	14,325
Sewerage services	55,032	53,152
Waste management services (non-domestic)	3,471	3,607
Section 611 charges	122	184
Liquid trade waste	453	461
Less: pensioner rebates (State Government funded)	(3,328)	(3,349)
Less: pensioner rebates (Council funded)	(3,085)	(3,102)
<b>Annual charges levied</b>	<b>155,474</b>	<b>150,138</b>
Pensioner subsidies received:		
– Water	1,238	1,004
– Sewerage	1,272	994
– Domestic waste management	1,231	1,242
<b>Total annual charges</b>	<b>159,215</b>	<b>153,378</b>
<b>Total rates and annual charges</b>	<b>331,384</b>	<b>321,946</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	2021	2020
<b>User charges</b>		
Water supply services	54,438	55,871
Sewerage services	15,920	15,468
Waste management services (other)	13	36
Liquid trade waste	1,905	2,043
COVID-19 waivers and refunds	–	(41)
<b>Total user charges</b>	<b>72,276</b>	<b>73,377</b>
<b>Fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building services – other	2,088	1,939
Development applications	3,608	2,908
Inspection services	724	551
Private works – section 67	430	469
Registration fees	116	137
Regulatory/statutory fees	258	189
Rezoning fees	181	82
Section 10.7 certificates (EP&A Act)	1,059	809
Other	379	275
Section 603 certificates	826	606
Town planning	295	234
<b>Total fees and charges – statutory/regulatory</b>	<b>9,964</b>	<b>8,199</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	23	28
Camping ground	759	416
Child care	6,951	5,183
Companion animals	791	307
Engineering design fees	1,215	409
Holiday parks	11,583	9,077
On site sewer management (OSSM)	514	479
Parking fees	419	562
Parks and recreation	791	455
Sewerage Connection Income	580	345
Swimming centres	4,101	3,297
Theatres	367	772
Tipping fees	20,970	18,397
Transport for NSW works (state roads not controlled by Council)	5,040	5,479
Water connection fees	1,062	1,008
Other	1,697	1,690
<b>Total fees</b>	<b>56,863</b>	<b>47,904</b>
<b>Total user charges and fees</b>	<b>139,103</b>	<b>129,480</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	37	20
User charges and fees recognised at a point in time	139,066	129,440
<b>Total user charges and fees</b>	<b>139,103</b>	<b>129,460</b>

**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	2021	2020
Fines – parking	1,960	2,647
Fines – other	645	229
Event revenue	1,703	1,248
Landfill sale of scrap metal	1,220	1,025
Sales – general	1,471	777
Insurance claims recoveries	878	24
Diesel rebate	834	609
Legal fees recovery – other	669	244
Recreation	526	280
Cemetery income	448	333
Landfill gas royalty payment	439	401
Arts centre	28	98
Section 355 Committee income	229	228
Other (includes volunteer services)	1,817	1,718
COVID-19 waivers and refunds	(200)	(568)
<b>Total other revenue</b>	<b>12,667</b>	<b>9,293</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	12,667	9,293
<b>Total other revenue</b>	<b>12,667</b>	<b>9,293</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	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	10,247	10,706	–	–
Financial assistance – local roads component	2,178	2,204	–	–
<b>Payment in advance - future year allocation <sup>1</sup></b>				
Financial assistance – general component	10,961	11,337	–	–
Financial assistance – local roads component	2,338	2,341	–	–
<b>Amount recognised as income during current year</b>	<b>25,724</b>	<b>26,588</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Aged and disabled	24	23	–	1
Bushfire and emergency services	3,473	4,625	522	256
Child care	863	2,027	81	24
Community care	–	9	–	–
Employment and training programs	108	118	–	–
Environmental programs	2,352	1,526	1,347	971
Health services	21	33	–	–
Heritage and cultural	95	86	–	–
Library	893	856	631	61
LIRS subsidy	599	733	–	–
Recreational facilities	56	448	7,368	8,531
Roads and bridges	–	–	15,842	10,632
Security equipment (CCTV)	–	–	–	5
Sewerage (excl. section 64 contributions)	–	–	200	132
Somersby Industrial Park	–	–	420	–
Street lighting	986	986	–	–
Transport (roads to recovery)	–	–	2,772	2,772
Transport for NSW contributions (regional roads, block grant)	3,772	3,939	–	–
Transport (other roads and bridges funding)	120	119	2,133	723
Vehicle contributions by employees	2,626	2,007	–	–
Water / Sewer Infrastructure	–	–	5,816	2,788
Water supplies (excl. section 64 contributions)	–	–	134	73
Youth services	78	39	–	–
Other	618	274	434	2,313
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>16,684</b>	<b>17,848</b>	<b>37,700</b>	<b>29,282</b>
<b>Non-cash contributions</b>				
Other	–	–	27,908	17,052
<b>Total other contributions – non-cash</b>	<b>–</b>	<b>–</b>	<b>27,908</b>	<b>17,052</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>16,684</b>	<b>17,848</b>	<b>65,608</b>	<b>46,334</b>
<b>Total grants and non-developer contributions</b>	<b>42,408</b>	<b>44,436</b>	<b>65,608</b>	<b>46,334</b>
<b>Comprising:</b>				
– Commonwealth funding	26,851	27,282	12,536	12,614
– State funding	3,111	8,899	28,465	15,618
– Other funding	12,446	8,255	24,607	18,102
	<b>42,408</b>	<b>44,436</b>	<b>65,608</b>	<b>46,334</b>

(1) \$13.299M of the 2021 - 2022 Financial Assistance Grant from Commonwealth Government was received by Council in June 2021 and hence is reported as 2020 - 2021 income although it relates to 2021 - 2022 financial year.

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## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>	G5				
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	371	54
S 7.12 – fixed development consent levies		–	–	1,628	2,470
S 64 – water supply contributions		–	–	3,392	3,429
S 64 – sewerage service contributions		–	–	3,010	3,639
Other developer contributions		–	–	206	320
S 7.11 – stormwater contributions		–	–	1,153	1,424
S 7.11 – roadworks		–	–	2,489	2,094
S 7.11 – open space		–	–	3,283	4,430
S 7.11 – community facilities		–	–	2,039	2,213
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>17,571</b>	<b>20,073</b>
<b>Non-cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	–	241
S 7.12 – fixed development consent levies		–	–	145	–
S 7.11 – drainage assets		–	–	251	171
S 64 – water supply contributions		–	–	127	82
<b>Total developer contributions non-cash</b>		<b>–</b>	<b>–</b>	<b>523</b>	<b>494</b>
<b>Total developer contributions</b>	G5	<b>–</b>	<b>–</b>	<b>18,094</b>	<b>20,567</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>18,094</b>	<b>20,567</b>
<b>Total grants and contributions</b>		<b>42,408</b>	<b>44,436</b>	<b>83,702</b>	<b>66,901</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		13,490	10,624	2,254	2,352
Grants and contributions recognised at a point in time		28,918	33,812	81,448	64,549
<b>Total grants and contributions</b>		<b>42,408</b>	<b>44,436</b>	<b>83,702</b>	<b>66,901</b>

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## 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>Grants</b>				
Unspent funds at 1 July	3,770	2,345	7,990	8,869
<b>Add:</b> Funds received and not recognised as revenue in the current year	2,607	2,628	7,509	3,639
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2,154)	(1,203)	(4,763)	(4,518)
<b>Unspent funds at 30 June</b>	<b>4,223</b>	<b>3,770</b>	<b>10,736</b>	<b>7,990</b>

Various capital grants unspent and held as a restriction at year end.

Most significant include Climate Change Fund (Water Supply Authority) \$2.4M, Woy Woy Wharf development \$1.3M, Glenrock Pde roadworks \$0.8M, Stronger Community Fund grants \$0.5M and Regional playspace at Sun Valley Reserve, Green Point \$0.4M.

## Contributions

Unspent funds at 1 July	511	522	194,085	189,981
<b>Add:</b> contributions received and not recognised as revenue in the current year	191	63	–	16,128
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(212)	(74)	(31,710)	(12,024)
<b>Unspent contributions at 30 June</b>	<b>490</b>	<b>511</b>	<b>162,375</b>	<b>194,085</b>

Various developer contributions unspent and held as a restriction at year end.

## 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 but include differing performance obligations within AASB 15, for example, event milestones. 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.

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## B2-4 Grants and contributions (continued)

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 Council.

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	821	1,671
– Cash and investments	4,508	8,547
<b>Fair value adjustments</b>		
– Movements in investments (other)	561	2,476
<b>Amortisation of premiums and discounts</b>		
– Interest free (and interest reduced) loans provided	–	27
<b>Other</b>	3	6
<b>Total interest and investment income</b>	<b>5,893</b>	<b>12,727</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>Rental income</b>			
<b>Other lease income</b>			
Properties not held for investment		4,752	4,966
Room/Facility Hire		3,178	2,615
Outdoor space		260	118
Other		25	25
<b>Total Other lease income</b>		<b>8,215</b>	<b>7,724</b>
<b>Total rental income</b>	C2-2	<b>8,215</b>	<b>7,724</b>
<b>Total other income</b>		<b>8,215</b>	<b>7,724</b>

**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Salaries and wages	154,398	180,017
Employee termination costs	15,870	490
Employee leave entitlements (ELE)	37,806	31,168
Superannuation	18,898	19,749
Workers Compensation	3,005	3,790
Fringe benefit tax (FBT)	353	405
Payroll tax	2,592	2,610
Other	–	648
<b>Total employee costs</b>	<b>232,922</b>	<b>238,877</b>
Less: capitalised costs	(10,306)	(17,995)
<b>Total employee costs expensed</b>	<b>222,616</b>	<b>220,882</b>

**Accounting policy**

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

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

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

**B3-2 Materials and services**

<b>\$ '000</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
Raw materials and consumables		25,387	26,461
Contractor and consultancy costs		31,445	29,619
Contract costs Garbage collection		30,050	30,287
Contract costs Green waste processing		5,147	4,392
Contract costs Corporate systems		1,364	3,643
Contract costs Agency hire		3,106	9,658
Contract costs Roads		7,568	11,529
Audit Fees	F2-1	781	371
<b>Previously other expenses:</b>			
Advertising		667	1,125
Bank charges		1,469	1,386
Commissions		4,709	3,374
Computer software charges		17,394	10,515
Election expenses		177	–
Councillor and Mayoral fees and associated expenses	F1-2	459	593
Electricity and heating		12,570	12,400
Events and promotions		1,585	1,843
Gas charges		368	490
Insurance		3,906	4,814
Licences		1,576	787
Planning NSW development application fees		498	443
Postage		1,230	1,088
Printing and stationery		746	1,249
Street lighting		4,910	4,371
Subscriptions and publications		769	236
Telephone and communications		1,475	2,785
Tip rehabilitation provision adjustment		(2,002)	3,235
Travel expenses		41	45
Training costs		942	1,767
Valuer general fees		917	888
Vehicle registrations		770	801
Other expenses		2,943	2,402
<b>Legal expenses:</b>			
– Legal expenses: planning and development		2	254
– Legal expenses: other		763	577
Expenses from Peppercorn leases		73	194
Expenses from short-term leases		187	418
Expenses from leases of low value assets		1,631	1,691
<b>Total materials and services</b>		<b>165,623</b>	<b>175,731</b>

**Accounting policy**

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

**B3-3 Borrowing costs**

\$ '000	Notes	2021	2020
<b>(i) Interest bearing liability costs</b>			
Interest on leases		125	76
Interest on loans		15,097	15,024
Interest on other debts		2	45
<b>Total interest bearing liability costs</b>		<b>15,224</b>	<b>15,145</b>
<b>Total interest bearing liability costs expensed</b>		<b>15,224</b>	<b>15,145</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discounts and premiums			
- Floating Rate Notes		294	—
Remediation liabilities	C3-5	1,190	1,005
Other liabilities		—	1
<b>Total other borrowing costs</b>		<b>1,484</b>	<b>1,006</b>
<b>Total borrowing costs expensed</b>		<b>16,708</b>	<b>16,151</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		8,187	7,811
Office equipment		2,742	2,569
Furniture and fittings		1,377	1,130
Land improvements (depreciable)		1,847	1,903
<b>Infrastructure:</b>	C1-8		
- Buildings – specialised		13,731	11,769
- Other structures		2,135	1,601
- Roads		36,369	36,464
- Bridges		618	679
- Footpaths		2,532	2,659
- Stormwater drainage		14,569	15,858
- Water supply network		24,217	26,833
- Sewerage network		32,647	35,143
- Swimming pools		346	215
- Other open space/recreational assets		4,992	4,120
- Other infrastructure		1,537	1,346
<b>Other assets:</b>			
- Library books		810	770
- Other		173	73
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Tip assets	C3-4,11(a)	2,694	1,745
<b>Right of use assets</b>	C2-1	290	226
<b>Intangible assets</b>	C1-9	2,362	4,195
<b>Total depreciation and amortisation costs</b>		<b>154,175</b>	<b>157,109</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-8		
- Sewerage network		28,981	—
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>28,981</b>	<b>—</b>

continued on next page ...

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

Total depreciation, amortisation and impairment for  
non-financial assets

**183,156**      157,109

**Accounting policy****Depreciation and amortisation**

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

**Impairment of non-financial assets**

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

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

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

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

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

**B3-5 Other expenses**

\$ '000	2021	2020
Impairment of receivables	190	404
Contributions/levies to other levels of government		
– NSW Fire and rescue levy	3,150	2,821
– NSW rural fire service levy	2,108	1,477
– Waste levy	27,831	29,893
– Holiday Park levy	608	439
– NSW State emergency services levy	661	528
Donations, Contributions and assistance to other organisations (Section 356)		
– The Art House	1,016	1,075
– Wyong Town Centre	–	30
– Surf Life Saving Clubs	214	213
– Gosford Town Centre	(30)	60
– Stronger communities fund	(3)	383
– Community grants	(86)	1,671
– Other contributions and donations	400	546
<b>Total other expenses</b>	<b>36,059</b>	<b>39,540</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</b>			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		(639)	(3,510)
<b>Gain (or loss) on disposal</b>		<b>(639)</b>	<b>(3,510)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-8		
Proceeds from disposal – plant and equipment		5,754	3,058
Less: carrying amount of plant and equipment assets sold/written off		(4,008)	(2,991)
<b>Gain (or loss) on disposal</b>		<b>1,746</b>	<b>67</b>
<b>Gain (or loss) on disposal of infrastructure assets</b>	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(6,048)	(866)
<b>Gain (or loss) on disposal</b>		<b>(6,048)</b>	<b>(866)</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		259,406	336,750
Less: carrying amount of investments sold/redeemed/matured		(259,406)	(336,750)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of land</b>	C1-8		
Proceeds from disposal – community and operational Land		3,030	3,979
Less: carrying amount of community and operational Land assets sold/written off		(2,569)	(2,037)
<b>Gain (or loss) on disposal</b>		<b>461</b>	<b>1,942</b>
<b>Gain (or loss) on disposal of stormwater drainage assets</b>	C1-8		
Proceeds from disposal – Stormwater Drainage		–	–
Less: carrying amount of stormwater drainage assets sold/written off		(35)	(293)
<b>Gain (or loss) on disposal</b>		<b>(35)</b>	<b>(293)</b>
<b>Gain (or loss) on disposal of sewerage network assets</b>	C1-8		
Proceeds from disposal – Sewerage Network		–	–
Less: carrying amount of sewerage network assets sold/written off		(1,385)	(1,258)
<b>Gain (or loss) on disposal</b>		<b>(1,385)</b>	<b>(1,258)</b>
<b>Gain (or loss) on disposal of water supply assets</b>	C1-8		
Proceeds from disposal – water supply assets		–	–
Less: carrying amount of water supply assets sold/written off		(994)	(1,004)
<b>Gain (or loss) on disposal</b>		<b>(994)</b>	<b>(1,004)</b>
<b>Gain (or loss) on disposal of other assets</b>	C1-8		
Proceeds from disposal – Other assets		–	–
Less: carrying amount of other assets sold/written off		(158)	(9)
<b>Gain (or loss) on disposal</b>		<b>(158)</b>	<b>(9)</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(7,052)</b>	<b>(4,931)</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 27 July 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, the impact of COVID 19 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>Other revenues</b>	<b>9,017</b>	<b>12,667</b>	<b>3,650</b>	<b>40% F</b>
Favourable variance due to additional National Rugby League games at Central Coast Stadium, successful claim for diesel fuel back-payments, insurance recoveries and increased sales of recycled scrap metals at Council's Waste Management facilities.				
<b>Operating grants and contributions</b>	<b>47,512</b>	<b>42,408</b>	<b>(5,104)</b>	<b>(11)% U</b>
Unfavourable variance due to bio-certification scheme income that was expected but not received during the financial year. This was partially offset by additional grants funds received throughout the year for Environmental Management and Bushfire Prevention programs and operating contributions received for Child Care services from Federal and State Governments in relation to COVID19.				
<b>Capital grants and contributions</b>	<b>39,287</b>	<b>83,702</b>	<b>44,415</b>	<b>113% F</b>
Favourable variance through an increase in infrastructure, water and sewer and open space and recreation grants. Unbudgeted contributed and dedicated roads and drainage infrastructure assets of \$27.9M were recognised during the year.				
<b>Interest and investment revenue</b>	<b>10,340</b>	<b>5,893</b>	<b>(4,447)</b>	<b>(43)% U</b>
Unfavourable variance due to Council's cash and investment holdings being less than expected due to the financial situation of prior year.				
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>200,862</b>	<b>222,616</b>	<b>(21,754)</b>	<b>(11)% U</b>
Unfavourable variance relates to organisational restructure costs and a reduction in labour recovered from capital works projects.				
<b>Borrowing costs</b>	<b>15,038</b>	<b>16,708</b>	<b>(1,670)</b>	<b>(11)% U</b>
Unfavourable variance due to increased borrowings to cover overspend of unrestricted funds.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>141,732</b>	<b>183,156</b>	<b>(41,424)</b>	<b>(29)% U</b>
Unfavourable variance due to sewerage network assets impairment and increased capitalisation of completed projects.				
<b>Other expenses</b>	<b>42,932</b>	<b>36,059</b>	<b>6,873</b>	<b>16% F</b>
Favourables variance due to reduced EPA Waste Management Levy resulting from a decrease in waste tonnages received at Council's Waste Management facilities.				
<b>Net losses from disposal of assets</b>	<b>-</b>	<b>7,052</b>	<b>(7,052)</b>	<b>∞ U</b>
Net losses from the disposal of assets relates to the write down and disposal of roads, stormwater drainage, sewer, water and open space and recreation assets that were not forecast in the 2020-21 original budget.				

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**B5-1 Material budget variations (continued)**

	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>\$ '000</b>				

**STATEMENT OF CASH FLOWS**

<b>Cash flows from investing activities</b>	<b>(125,758)</b>	<b>(286,882)</b>	<b>(161,124)</b>	<b>128%</b>	<b>U</b>
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Variance due to increased investments following receipt of \$150M bank loans.

<b>Cash flows from financing activities</b>	<b>5,218</b>	<b>111,563</b>	<b>106,345</b>	<b>2,038%</b>	<b>F</b>
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Variance due to additional loans funds of \$150M.

**DRAFT**

**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	35,527	12,422
Deposits at call	30,182	79,874
<b>Total cash and cash equivalents</b>	<b>65,709</b>	<b>92,296</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 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	–	56,978	–	19,077
NCD's, FRN's	38,657	153,319	9,018	10,125
<b>Total</b>	<b>38,657</b>	<b>210,297</b>	<b>9,018</b>	<b>29,202</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	126,137	45,000	157,192	75,000
<b>Total</b>	<b>126,137</b>	<b>45,000</b>	<b>157,192</b>	<b>75,000</b>
<b>Total financial investments</b>	<b>164,794</b>	<b>255,297</b>	<b>166,210</b>	<b>104,202</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>230,503</b>	<b>255,297</b>	<b>258,506</b>	<b>104,202</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.

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## C1-2 Financial Investments (continued)

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

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

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

**Financial assets through profit or loss**

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRN's and NCD's in the Statement of Financial Position.

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	230,503	255,297	258,506	104,202
attributable to:				
External restrictions	146,162	255,297	317,743	104,202
Internal restrictions	93,994	–	111,158	–
Unrestricted	(9,653)	–	(170,395)	–
	230,503	255,297	258,506	104,202

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

\$ '000	2021	2020
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**Details of restrictions****External restrictions – other**

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

Developer contributions – general	99,614	93,434
Developer contributions – water	1,666	27,529
Developer contributions – sewer	19,510	20,032
Developer contributions – drainage	34,655	34,583
Developer contributions – VPA – general	2,713	2,679
Developer contributions – VPA – water	1,053	1,045
Developer contributions – VPA – sewer	495	491
Developer contributions – VPA - drainage	1,369	1,359
Developer contributions – bonus provisions	5,452	5,407
Developer Contributions – Sec 94A Levy	17,678	17,526
Specific purpose unexpended grants – general	12,834	8,724
Specific purpose unexpended grants – water	2,255	2,550
Specific purpose unexpended grants - sewer	–	153
Specific purpose unexpended grants - drainage	9	873
Cemeteries	733	666
Contributions to works including COSS	6,587	6,539
Crown land	1,346	1,881
Domestic waste management	88,636	86,184
Gosford CBD special rate levies	1,076	1,142
Holiday parks	15,663	11,429
Self insurance claims – general	5,667	6,519
Self insurance claims – water	1,087	1,208
Self insurance claims – sewer	2,164	2,027
Stormwater management	755	766
Tourism levies	2,830	3,278
Water Supply Authority - other	74,966	83,198
Other External Restrictions	646	723
<b>Total external restrictions</b>	<b>401,459</b>	<b>421,945</b>

**Internal restrictions**

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

Carbon emission reserve	–	322
Davistown Wetlands	1,436	1,436
Drainage Licence Fee	552	491
Emergency services levy	339	432
Employees leave entitlement	10,987	12,554
Employment generating projects	3,155	3,155
Property development	5,251	15,251
Regional Library	11,570	11,570
Revolving energy	–	253
Section 355/advances/deposits	594	620
Tip replacement/rehabilitation	35,054	33,907
Waste disposal facility	24,831	25,489
Other restrictions	225	5,678
<b>Total internal restrictions</b>	<b>93,994</b>	<b>111,158</b>

**Total restrictions**

<b>495,453</b>	<b>533,103</b>
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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
Rates	7,381	—	9,950	—
Interest and extra charges	2,141	—	2,736	—
User charges and fees	8,465	2,827	19,839	3,034
Accrued revenues				
– User charges and fees	12,468	—	13,650	—
– Government subsidies	2,346	—	2,182	—
– Other income accruals	3,134	—	1,211	—
Government grants and subsidies	5,223	—	4,791	—
Net GST receivable	2,408	—	5,005	—
Waste management annual charge	3,635	—	4,519	—
Drainage annual charge	1,512	—	2,636	—
Water annual charge	1,068	—	2,082	—
Sewerage annual charge	5,004	—	9,886	—
Other debtors	9,568	557	5,161	734
<b>Total</b>	<b>64,353</b>	<b>3,384</b>	<b>83,648</b>	<b>3,768</b>
<b>Less: provision of impairment</b>				
Sewerage annual charges	(6)	—	(6)	—
User charges and fees	(62)	—	(414)	—
Other debtors	(1,787)	—	(2,074)	—
<b>Total provision for impairment – receivables</b>	<b>(1,855)</b>	<b>—</b>	<b>(2,494)</b>	<b>—</b>
<b>Total net receivables</b>	<b>62,498</b>	<b>3,384</b>	<b>81,154</b>	<b>3,768</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Opening impairment allowance	2,494	2,394
Movement through provision	(32)	—
Impairment loss recognised during the year	—	525
Amounts written off as uncollectible	(607)	(425)
<b>Balance at the end of the year</b>	<b>1,855</b>	<b>2,494</b>

**Accounting policy**

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.

**Impairment**

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy

**C1-4 Receivables (continued)**

proceedings, or when the receivables are beyond the applicable statute of limitations period, whichever occurs first. None of the receivables that have been written off are subject to enforcement activity.

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

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## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	1,403	—	1,646	—
<b>Total inventories at cost</b>	<b>1,403</b>	<b>—</b>	<b>1,646</b>	<b>—</b>
<b>Total inventories</b>	<b>1,403</b>	<b>—</b>	<b>1,646</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.

## C1-7 Non-current assets classified as held for sale

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Non-current assets held for sale</b>				
Land	37,815	—	—	—
Buildings	6,543	—	—	—
<b>Total non-current assets classified as held for sale</b>	<b>44,358</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Details of assets held for sale

Non-current assets held for sale comprises 33 parcels of land, the Gosford Administration building and the Oasis Youth Centre. These assets have been deemed excess to Council's operational requirements and were available for sale and actively marketed as at 30 June 2021.

## Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.



## C1-8 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 new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	223,948	—	223,948	146,933	—	—	—	(189,851)	(26,780)	—	—	154,250	—	154,250
Plant and equipment	105,440	(47,371)	58,069	560	(4,008)	(8,187)	—	2,551	823	—	—	103,656	(53,848)	49,808
Office equipment	24,549	(14,812)	9,737	—	(1)	(2,742)	—	681	—	—	—	17,686	(10,011)	7,675
Furniture and fittings	22,477	(13,256)	9,221	—	(158)	(1,377)	—	1,614	—	—	—	14,866	(5,566)	9,300
<b>Land:</b>														
– Operational land	443,343	—	443,343	—	(2,337)	—	—	7	(37,815)	(3,180)	—	400,018	—	400,018
– Crown and Community land	422,992	—	422,992	207	(232)	—	—	128	—	—	1,393	424,488	—	424,488
– Land under roads (post 30/6/08)	1,586	—	1,586	—	—	—	—	—	—	—	563	2,149	—	2,149
Land improvements – depreciable	46,153	(17,830)	28,323	—	—	(1,847)	—	3,768	—	—	—	49,921	(19,677)	30,244
<b>Infrastructure:</b>														
– Buildings – specialised	805,452	(333,817)	471,635	361	(639)	(13,731)	—	13,778	(7,378)	(17,620)	—	791,990	(345,584)	446,406
– Other structures	44,156	(13,639)	30,517	—	(17)	(2,135)	—	7,131	(690)	—	—	48,724	(13,918)	34,806
– Roads	2,042,041	(655,907)	1,386,134	6,958	(5,957)	(36,369)	—	37,203	6,923	—	32,981	2,043,454	(615,581)	1,427,873
– Bridges	57,126	(20,021)	37,105	—	(75)	(618)	—	129	—	—	1,365	62,004	(24,098)	37,906
– Footpaths	129,223	(30,111)	99,112	1,846	—	(2,532)	—	10,403	—	—	34,219	233,503	(90,455)	143,048
– Bulk earthworks (non-depreciable)	382,751	—	382,751	486	—	—	—	242	4,686	(34,126)	—	354,039	—	354,039
– Stormwater drainage	1,514,849	(484,217)	1,030,632	9,931	(35)	(14,569)	—	9,951	—	—	56,292	1,556,754	(464,552)	1,092,202
– Water supply network	1,857,037	(821,298)	1,035,739	—	(994)	(24,217)	—	33,696	7	(9,704)	—	2,076,973	(1,042,446)	1,034,527
– Sewerage network	2,346,757	(935,034)	1,411,723	—	(1,385)	(32,647)	(28,981)	43,435	690	(82,729)	—	2,196,255	(886,149)	1,310,106
– Swimming pools	11,215	(6,078)	5,137	—	—	(346)	—	118	13	—	—	11,373	(6,451)	4,922
– Other open space/recreational assets	120,017	(42,679)	77,338	5,162	—	(4,992)	—	14,660	—	—	—	139,839	(47,671)	92,168
– Other infrastructure	48,508	(19,570)	28,938	167	—	(1,537)	—	6,029	(6,756)	—	—	42,520	(15,679)	26,841
<b>Other assets:</b>														
– Library books	8,260	(6,073)	2,187	—	—	(810)	—	509	—	—	—	4,126	(2,240)	1,886
– Other	1,957	(1,099)	858	2,134	—	(173)	—	2,061	—	—	1,005	7,126	(5,927)	1,199
<b>Reinstatement, rehabilitation and restoration assets (refer Note 15):</b>														
– Tip assets	39,743	(19,590)	20,153	1,760	—	(2,694)	—	1,757	—	—	—	43,260	(22,284)	20,976
<b>Total infrastructure, property, plant and equipment</b>	<b>10,699,580</b>	<b>(3,482,402)</b>	<b>7,217,178</b>	<b>176,505</b>	<b>(15,838)</b>	<b>(151,523)</b>	<b>(28,981)</b>	<b>—</b>	<b>(66,277)</b>	<b>(147,359)</b>	<b>127,818</b>	<b>10,778,974</b>	<b>(3,672,137)</b>	<b>7,106,837</b>

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## C1-8 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 new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	237,238	—	237,238	243,416	—	—	(234,245)	(22,461)	—	—	223,948	—	223,948
Plant and equipment	100,253	(50,403)	49,850	—	(2,991)	(7,811)	19,537	(516)	—	—	105,440	(47,371)	58,069
Office equipment	18,885	(14,470)	4,415	—	—	(2,569)	7,966	(75)	—	—	24,549	(14,812)	9,737
Furniture and fittings	18,847	(12,139)	6,708	—	—	(1,130)	3,665	(22)	—	—	22,477	(13,256)	9,221
<b>Land:</b>													
— Operational land	430,967	—	430,967	—	(2,032)	—	14,390	18	—	—	443,343	—	443,343
— Crown and Community land	383,795	—	383,795	111	(5)	—	308	(579)	—	39,362	422,992	—	422,992
— Land under roads (post 30/6/08)	1,586	—	1,586	—	—	—	—	—	—	—	1,586	—	1,586
Land improvements – depreciable	41,415	(15,927)	25,488	—	—	(1,903)	4,177	561	—	—	46,153	(17,830)	28,323
<b>Infrastructure:</b>													
— Buildings – specialised	800,422	(329,723)	470,699	—	(3,510)	(11,769)	16,757	351	(893)	—	805,452	(333,817)	471,635
— Other structures	36,343	(11,909)	24,434	—	(7)	(1,601)	7,449	242	—	—	44,156	(13,639)	30,517
— Roads	1,974,503	(619,648)	1,354,855	9,603	(670)	(36,464)	58,806	4	—	—	2,042,041	(655,907)	1,386,134
— Bridges	54,431	(19,414)	35,017	—	(38)	(679)	2,805	—	—	—	57,126	(20,021)	37,105
— Footpaths	117,288	(27,452)	89,836	1,857	—	(2,659)	10,078	—	—	—	129,223	(30,111)	99,112
— Other road assets (including bulk earthworks)	5	—	5	—	—	—	—	(5)	—	—	—	—	—
— Bulk earthworks (non-depreciable)	377,894	—	377,894	1,027	(70)	—	3,900	—	—	—	382,751	—	382,751
— Stormwater drainage	1,489,091	(468,579)	1,020,512	590	(293)	(15,858)	25,681	—	—	—	1,514,849	(484,217)	1,030,632
— Water supply network	1,823,426	(790,130)	1,033,296	1,053	(1,004)	(26,833)	19,504	682	—	9,041	1,857,037	(821,298)	1,035,739
— Sewerage network	2,305,734	(895,441)	1,410,293	2,688	(1,258)	(35,143)	21,886	600	—	12,657	2,346,757	(935,034)	1,411,723
— Swimming pools	8,685	(5,063)	3,622	—	(7)	(215)	1,471	266	—	—	11,215	(6,078)	5,137
— Other open space/recreational assets	111,351	(38,639)	72,712	—	—	(4,120)	8,994	(248)	—	—	120,017	(42,679)	77,338
— Other infrastructure	42,831	(18,380)	24,451	—	(80)	(1,346)	5,913	—	—	—	48,508	(19,570)	28,938
<b>Other assets:</b>													
— Library books	17,930	(15,805)	2,125	—	(1)	(770)	833	—	—	—	8,260	(6,073)	2,187
— Other	1,833	(1,026)	807	—	—	(73)	124	—	—	—	1,957	(1,099)	858
<b>Reinstatement, rehabilitation and restoration assets (refer Note 15):</b>													
— Tip assets	34,345	(17,846)	16,499	5,398	—	(1,745)	1	—	—	—	39,743	(19,590)	20,153
<b>Total infrastructure, property, plant and equipment</b>	<b>10,429,098</b>	<b>(3,351,994)</b>	<b>7,077,104</b>	<b>265,743</b>	<b>(11,966)</b>	<b>(152,688)</b>	<b>—</b>	<b>(21,182)</b>	<b>(893)</b>	<b>61,060</b>	<b>10,699,580</b>	<b>(3,482,402)</b>	<b>7,217,178</b>

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## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

Land and bulk earthworks are not depreciated. 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>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	3 to 12	Playground equipment	10 to 40
Office furniture	5 to 30	Benches, seats etc.	10 to 50
Computer equipment	2 to 26		
Vehicles	2 to 10	<b>Buildings</b>	6 to 170
Heavy plant/road making equipment	5 to 50		
Other plant and equipment	2 to 40		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	120
Bores	15 to 30	Culverts	120
Reticulation pipes	25 to 256	Flood control structures	80
Pumps and telemetry	15 to 66		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	5 to 96	Swimming pools	5 to 100
Sealed roads: structure	16 to 180	Other open space/recreational assets	5 to 100
Unsealed roads	20 to 100	Other infrastructure	10 to 109
Bridges	15 to 100		
Road pavements	16 to 125		
Kerb, gutter and footpaths	5 to 116		

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

#### Revaluation model

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

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to 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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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**C1-8 Infrastructure, property, plant and equipment (continued)****Crown reserves**

Crown reserves under Council's care and control are recognised as assets of 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.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 *Leases*, refer to Note C2-1.

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

**Rural Fire Service assets**

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

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

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## C1-9 Intangible assets

## Intangible assets

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	23,563	22,011
Accumulated amortisation	(16,182)	(11,987)
<b>Net book value – opening balance</b>	<b>7,381</b>	<b>10,024</b>
<b>Movements for the year</b>		
Development costs	23,454	22,461
Amortisation charges	(2,362)	(4,195)
Gross book value written off	(11,294)	(26,035)
Accumulated amortisation charges written off	11,294	5,126
<b>Closing values at 30 June</b>		
Gross book value	30,597	23,563
Accumulated amortisation	(2,124)	(16,182)
<b>Total software – net book value</b>	<b>28,473</b>	<b>7,381</b>
<b>Other</b>		
<b>Drainage easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,703	1,703
<b>Net book value – opening balance</b>	<b>1,703</b>	<b>1,703</b>
<b>Closing values at 30 June</b>		
Gross book value	1,703	1,703
<b>Total Drainage easements – net book value</b>	<b>1,703</b>	<b>1,703</b>
<b>Total intangible assets – net book value</b>	<b>30,176</b>	<b>9,084</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 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.

## Drainage Easements

Easements (the right of access over land) are recognised as intangible assets.

Easements are determined to have indefinite lives, as there is no finite period over which their use is fully consumed. They convey a right to the Council to enable it to gain access to its infrastructure assets over an indefinite period of time. Unlike the infrastructure assets themselves, which are consumed over a finite period and undergo replacement to enable continuity of service, an easement can exist continuously throughout this period and beyond, and thus may never need to be released. Easements are only derecognised when a management decision has been made to relocate the relevant infrastructure asset and the need for the easement no longer exists. Since easements are viewed as having an indefinite life, they are not amortised, however, they are tested for impairment.

**C2 Leasing activities****C2-1 Council as a lessee**

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

**Terms and conditions of leases****Buildings**

Council leases land and buildings to support some of its operational activities. The leases are generally between 3 and 50 years with one containing a renewal option to allow Council to renew the non-cancellable lease term at their discretion. A number of leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

**Office and IT equipment**

Leases for office and IT equipment are generally for low value assets, except for significant items. The leases are for between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

**Extension options**

Council includes options in the building leases to provide flexibility and certainty to Council operations; the extension options are at Council's discretion. At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

**(a) Right of use assets**

\$ '000	Plant and Equipment	Land and Buildings	Total
<b>2021</b>			
Opening balance at 1 July	21	1,783	1,804
Adoption of AASB 16 at 1 July 2019	–	–	–
Additions to right-of-use assets	–	–	–
Depreciation charge	(8)	(282)	(290)
<b>Balance at 30 June</b>	<b>13</b>	<b>2,470</b>	<b>2,483</b>
<b>2020</b>			
Opening balance at 1 July	–	–	–
Adoption of AASB 16 at 1 July 2019	28	1,338	1,366
Additions to right-of-use assets	–	663	663
Depreciation charge	(7)	(218)	(225)
<b>Balance at 30 June</b>	<b>21</b>	<b>1,783</b>	<b>1,804</b>

**(b) Lease liabilities**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	241	2,320	287	1,552
<b>Total lease liabilities</b>	<b>241</b>	<b>2,320</b>	<b>287</b>	<b>1,552</b>

**C2-1 Council as a lessee (continued)****(c) Lease liabilities**

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>					
Cash flows	241	1,464	856	2,561	2,561
<b>2020</b>					
Cash flows	287	726	826	1,839	1,839

**(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	125	76
Depreciation of right of use assets	290	226
Expenses relating to short-term leases	187	418
Expenses relating to low-value leases	1,631	1,691
Expenses relating to Peppercorn leases	73	194
	<b>2,306</b>	<b>2,605</b>

**(e) Statement of Cash Flows**

Total cash outflow for leases	<b>1,891</b>	2,433
	<b>1,891</b>	<b>2,433</b>

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

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

- libraries
- university
- child care centres
- youth centres
- boat ramps

The leases are generally between 10 and 99 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases. None of the leases in place are individually material from a statement of financial position or performance perspective.

**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.

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

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

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

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

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

**Exceptions to lease accounting**

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

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

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

**C2-2 Council as a lessor****Operating leases**

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

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

\$ '000	2021	2020
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**Assets held as property, plant and equipment**

Council provides operating leases on Council buildings for the purpose of recreational activities, the table below relates to operating leases on assets disclosed in C1-8.

Properties not held for investment	4,752	4,966
Room / Facility hire	3,178	2,615
Outdoor space	260	118
Other	25	25
<b>Total income relating to operating leases for Council assets</b>	<b>8,215</b>	<b>7,724</b>



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

\$ '000	2021	2020
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
< 1 year	2,928	3,137
1–2 years	2,510	2,690
2–3 years	2,149	2,278
3–4 years	1,655	2,002
4–5 years	1,302	1,488
> 5 years	7,296	9,126
<b>Total undiscounted lease payments to be received</b>	<b>17,840</b>	<b>20,721</b>

## Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and if applicable, as finance income using amortised cost basis for finance leases.

**C3 Liabilities of Council****C3-1 Payables**

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>Payables</b>				
Goods and services	24,058	–	29,230	–
Prepaid rates and annual charges	15,026	–	13,443	–
Accrued expenses:				
– Salaries and wages	2,969	–	7,472	–
– Other expenditure accruals	16,035	–	32,267	–
Security bonds, deposits and retentions	4,718	–	4,635	–
Developer bonds	6,430	–	6,273	–
Overpayments	1,513	–	670	–
Other	388	–	163	–
<b>Total payables</b>	<b>71,137</b>	<b>–</b>	<b>94,153</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	2,916	973	2,795	1,067
Other	–	5,793	–	6,314
<b>Total income received in advance</b>	<b>2,916</b>	<b>6,766</b>	<b>2,795</b>	<b>7,381</b>
<b>Total payables</b>	<b>74,053</b>	<b>6,766</b>	<b>96,948</b>	<b>7,381</b>

**Current payables not expected to be settled within the next twelve months**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Payables – overpayments, security bonds, deposits and retentions	26,040	25,115
<b>Total payables</b>	<b>26,040</b>	<b>25,115</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.

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**

<b>\$ '000</b>	<b>Notes</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,634	2,254	5,638	2,352
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	4,210	–	3,770	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	170	–	705	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	476	–	511	–
<b>Total grants and contributions received in advance</b>		<b>13,490</b>	<b>2,254</b>	<b>10,624</b>	<b>2,352</b>

continued on next page ...

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## C3-2 Contract Liabilities (continued)

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>User fees and charges received in advance:</b>					
Upfront fees – leisure centre	(iii)	37	–	20	–
<b>Total user fees and charges received in advance</b>		<b>37</b>	<b>–</b>	<b>20</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>13,527</b>	<b>2,254</b>	<b>10,644</b>	<b>2,352</b>

**Notes**

(i) Council has received funding to construct assets including sporting facilities, open space areas 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.

(iii) Upfront membership fees for Council's leisure centres do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

**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)	5,504	6,436
Operating grants (received prior to performance obligation being satisfied)	1,508	1,202
Capital contributions (to construct Council controlled assets)	8	28
Operating contributions (received prior to performance obligation being satisfied)	212	53
<b>User fees and charges received in advance:</b>		
Upfront fees – leisure centre	20	21
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>7,252</b>	<b>7,740</b>

**Significant changes in contract liabilities**

During the financial year Council received a \$3.7M grant for Local Roads and Community Infrastructure to be spent during the financial year ended 30 June 2022.

**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 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured <sup>1</sup>	40,554	307,674	44,790	191,798
<b>Total borrowings</b>	<b>40,554</b>	<b>307,674</b>	<b>44,790</b>	<b>191,798</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 21.

## C3-3 Borrowings (continued)

## (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	236,588	111,640	–	–	–	–	348,228
Lease liability (Note C2-1b)	1,839	(247)	–	–	–	969	2,561
<b>Total liabilities from financing activities</b>	<b>238,427</b>	<b>111,393</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>969</b>	<b>350,789</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	233,157	3,431	–	–	–	–	236,588
Lease liability (Note C2-1b)	–	–	–	–	1,839	–	1,839
<b>Total liabilities from financing activities</b>	<b>233,157</b>	<b>3,431</b>	<b>–</b>	<b>–</b>	<b>1,839</b>	<b>–</b>	<b>238,427</b>

## (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities	500	500
Credit cards/purchase cards	1,980	1,240
Master lease facilities	2,000	2,000
<b>Total financing arrangements</b>	<b>4,480</b>	<b>3,740</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	49	73
<b>Total drawn financing arrangements</b>	<b>49</b>	<b>73</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	1,931	1,167
– Lease facilities	2,000	2,000
<b>Total undrawn financing arrangements</b>	<b>4,431</b>	<b>3,667</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.

## Security over loans

Loans are secured over future cash flows of the Council  
Lease liabilities are secured by the underlying leased assets.

## Bank overdrafts

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)**

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.

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**C3-4 Employee benefit provisions**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	17,411	–	17,231	–
Sick leave	6,129	–	9,465	–
Long service leave	27,624	3,144	30,069	2,900
Other leave	1,328	–	1,247	–
<b>Total employee benefit provisions</b>	<b>52,492</b>	<b>3,144</b>	<b>58,012</b>	<b>2,900</b>

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

\$ '000	2021	2020
Provisions – employees benefits	29,468	31,454
	<b>29,468</b>	<b>31,454</b>

**Description of and movements in non-employee benefit provisions****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.

**C3-5 Provisions**

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Other provisions</b>				
Self insurance – workers compensation	1,741	7,177	2,301	7,453
Self insurance – public liability	495	–	885	–
Self insurance – other	15	–	84	–
Payroll tax	437	–	518	21
Other	662	–	573	–
<b>Sub-total – other provisions</b>	<b>3,350</b>	<b>7,177</b>	<b>4,361</b>	<b>7,474</b>

**Asset remediation/restoration:**

continued on next page ...

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**C3-5 Provisions (continued)**

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration (future works)	2,937	68,127	2,397	69,222
<b>Sub-total – asset remediation/restoration</b>	<b>2,937</b>	<b>68,127</b>	<b>2,397</b>	<b>69,222</b>
<b>Total provisions</b>	<b>6,287</b>	<b>75,304</b>	<b>6,758</b>	<b>76,696</b>

**Description of and movements in provisions**

\$ '000	Other provisions			
	Self insurance	Asset remediation	Payroll Tax and Other	Net carrying amount
<b>2021</b>				
At beginning of year	10,723	71,619	1,112	83,454
Changes to provision:				
– Amounts capitalised	–	1,760	–	1,760
– Revised discount rate	–	(624)	–	(624)
– Revised costs	–	(1,378)	–	(1,378)
Unwinding of discount	–	1,190	–	1,190
Additional provisions	3,422	–	3,117	6,539
Amounts used (payments)	(4,717)	(1,503)	(3,130)	(9,350)
<b>Total other provisions at end of year</b>	<b>9,428</b>	<b>71,064</b>	<b>1,099</b>	<b>81,591</b>
<b>2020</b>				
At beginning of year	9,465	63,305	2,595	75,365
– Amounts capitalised	–	5,397	–	5,397
– Revised discount rate	–	188	–	188
– Revised costs	–	3,047	–	3,047
Unwinding of discount	–	1,005	–	1,005
Additional provisions	4,741	–	2,643	7,384
Amounts used (payments)	(3,483)	(1,323)	(4,126)	(8,932)
<b>Total other provisions at end of year</b>	<b>10,723</b>	<b>71,619</b>	<b>1,112</b>	<b>83,454</b>

**Nature and purpose of provisions****Asset remediation**

The asset remediation provision represents the present value estimate of future costs that Council will incur to restore, rehabilitate and reinstate tips as a result of past operations.

**Self-insurance**

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

**Payroll tax and other**

To recognise liabilities for outstanding payroll tax arising from Council's water, sewer, cemetery and parking station activities.

**Accounting policy**

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

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

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

## C3-5 Provisions (continued)

**Asset remediation - tips**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

**Self-insurance**

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

Self Insurance Provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council being a self insurer for Workers Compensation Claims.

Public Liability and Professional Indemnity claims are expensed as they meet the recognition criteria as set out in AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:

- Claims escalation of 2.5% in 2021/2022, 2.25% in 2022/2023 and 2.0% per annum thereafter. A bond yield of between -0.030% and 3.762% per annum over a 50 year period.
- All monetary amounts for past Workers Compensation claims were indexed to bring them to 'standardised' values at 30 June 2021.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2021.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2021 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.



**C4 Reserves****C4-1 Nature and purpose of reserves****IPPE Revaluation reserve**

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

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**D Council structure****D1 Results by fund**

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

**D1-1 Income Statement by fund**

<b>\$ '000</b>	<b>Drainage 2021</b>	<b>Domestic Waste 2021</b>	<b>General 2021</b>	<b>Water 2021</b>	<b>Sewer 2021</b>
<b>Income from continuing operations</b>					
Rates and annual charges	15,008	74,163	175,762	11,930	54,866
User charges and fees	—	10	63,862	57,623	19,525
Interest and investment revenue	29	112	4,996	315	2,250
Other revenues	—	3	12,598	7	59
Grants and contributions provided for operating purposes	242	—	41,701	3	462
Grants and contributions provided for capital purposes	11,967	—	59,070	8,398	4,267
Other income	—	—	8,215	—	—
<b>Total income from continuing operations</b>	<b>27,246</b>	<b>74,288</b>	<b>366,204</b>	<b>78,276</b>	<b>81,429</b>
<b>Expenses from continuing operations</b>					
Employee benefits and on-costs	1,465	410	185,987	16,877	17,877
Borrowing costs	568	—	3,607	9,559	4,783
Materials and services	7,059	51,774	47,215	31,179	30,634
Depreciation, amortisation and impairment of non-financial assets	14,567	—	82,553	24,599	61,437
Other expenses	—	15,675	19,424	984	—
Net losses from the disposal of assets	35	—	4,638	994	1,385
<b>Total expenses from continuing operations</b>	<b>23,694</b>	<b>67,859</b>	<b>343,424</b>	<b>84,192</b>	<b>116,116</b>
<b>Operating result from continuing operations</b>	<b>3,552</b>	<b>6,429</b>	<b>22,780</b>	<b>(5,916)</b>	<b>(34,687)</b>
<b>Net operating result for the year</b>	<b>3,552</b>	<b>6,429</b>	<b>22,780</b>	<b>(5,916)</b>	<b>(34,687)</b>
<b>Net operating result attributable to each council fund</b>	<b>3,552</b>	<b>6,429</b>	<b>22,780</b>	<b>(5,916)</b>	<b>(34,687)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(8,415)</b>	<b>6,429</b>	<b>(36,290)</b>	<b>(14,314)</b>	<b>(38,954)</b>

**D1-2 Statement of Financial Position by fund**

\$ '000	Drainage 2021	Domestic Waste 2021	General 2021	Water 2021	Sewer 2021
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	6,443	49,889	65	9,301
Investments	61	89,455	22,987	1,232	51,059
Receivables	1,613	3,786	55,965	20,673	9,544
Inventories	—	—	1,403	—	—
Other	—	—	3,386	112	110
Non-current assets classified as held for sale	—	—	44,358	—	—
<b>Total current assets</b>	<b>1,685</b>	<b>99,684</b>	<b>177,988</b>	<b>22,082</b>	<b>70,014</b>
<b>Non-current assets</b>					
Investments	95	—	175,921	547	78,734
Receivables	1	—	21,738	230	10,453
Infrastructure, property, plant and equipment	1,116,972	—	3,480,690	1,146,300	1,362,875
Intangible assets	1,703	—	28,473	—	—
Right of use assets	—	—	2,483	—	—
Other	—	—	623	—	—
<b>Total non-current assets</b>	<b>1,118,771</b>	<b>—</b>	<b>3,709,928</b>	<b>1,147,077</b>	<b>1,452,062</b>
<b>TOTAL ASSETS</b>	<b>1,120,456</b>	<b>99,684</b>	<b>3,887,916</b>	<b>1,169,159</b>	<b>1,522,076</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	891	6,319	52,097	4,487	2,452
Income received in advance	—	—	2,846	4,888	73
Contract liabilities	109	—	11,118	2,300	—
Borrowings	28,331	—	12,738	18,309	10,259
Lease liabilities	—	—	241	—	—
Employee benefit provision	74	291	43,308	4,582	4,237
Provisions	—	—	4,726	481	1,080
<b>Total current liabilities</b>	<b>29,405</b>	<b>6,610</b>	<b>127,074</b>	<b>35,047</b>	<b>18,101</b>
<b>Non-current liabilities</b>					
Income received in advance	1,260	—	4,501	—	1,005
Contract liabilities	—	—	2,254	—	—
Lease liabilities	—	—	2,320	—	—
Borrowings	8,118	—	153,370	137,345	37,879
Employee benefit provision	4	—	2,764	189	187
Provisions	—	—	73,073	851	1,380
<b>Total non-current liabilities</b>	<b>9,382</b>	<b>—</b>	<b>238,282</b>	<b>138,385</b>	<b>40,451</b>
<b>TOTAL LIABILITIES</b>	<b>38,787</b>	<b>6,610</b>	<b>365,356</b>	<b>173,432</b>	<b>58,552</b>
<b>Net assets</b>	<b>1,081,669</b>	<b>93,074</b>	<b>3,522,560</b>	<b>995,727</b>	<b>1,463,524</b>
<b>EQUITY</b>					
Accumulated surplus	1,024,787	93,074	3,405,276	942,898	1,458,106
Revaluation reserves	56,882	—	117,284	52,829	5,418
<b>Council equity interest</b>	<b>1,081,669</b>	<b>93,074</b>	<b>3,522,560</b>	<b>995,727</b>	<b>1,463,524</b>
<b>Total equity</b>	<b>1,081,669</b>	<b>93,074</b>	<b>3,522,560</b>	<b>995,727</b>	<b>1,463,524</b>

### D1-3 Details of internal loans

(in accordance with s410 of the *Local Government Act 1993*)

	Council ID / Ref 2013 GF-WF	Council ID / Ref 2015 SF-WF	Council ID / Ref 2015 GF-WF
<b>Details of individual internal loans</b>			
Borrower (by purpose)	Water Fund	Water Fund	Water Fund
Lender (by purpose)	General Fund	Sewer Fund	General Fund
Date of Minister's approval	N/A	27/05/2015	N/A
Date raised	30/06/2013	27/05/2015	31/05/2015
Term years	20	20	20
Dates of maturity	30/06/2033	21/02/2035	26/05/2035
Rate of interest (%)	5.72	5.72	5.72
Amount originally raised	20,000,000	10,000,000	10,000,000
Total repaid during year (principal and interest)	1,687,831	845,585	844,916
<b>Principal outstanding at end of year</b>	<b>14,581,503</b>	<b>8,012,588</b>	<b>8,101,690</b>

	Council ID / Ref 2020 GF-DF
<b>Details of individual internal loans</b>	
Borrower (by purpose)	Drainage Fund
Lender (by purpose)	General Fund
Date of Minister's approval	N/A
Date raised	30/06/2021
Term years	1
Dates of maturity	30/06/2022
Rate of interest (%)	Nil
Amount originally raised	27,425,427
Total repaid during year (principal and interest)	27,425,427

## D2 Interests in other entities

## D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 128 using the equity method and the accounting policy notes below.

Name of Operation/Entity	Principal activity
<b>The Art House, Wyong Shire Performing Arts and Conference Centre Limited</b>	Operations undertaken - Performing Arts Place of business - 19-21 Margaret Street, Wyong

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	100%	100%	100%	100%

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

The Art House is managed by an independent Incorporated Association with Council as a board member via a funding agreement with Council. The Art House delivers its services through a formal agreement with Council. This provides The Art House with the required autonomy and sector peer involvement to service the creative, media and business sectors as well as deliver a creative entertainment program for local, regional and national markets. Its performance is monitored via clear Key Performance Indicators (KPIs). Business Plan targets are reported to Council as required.

Council provided financial support of \$1.016M during the financial year (\$1.0M indexed per annum for ten years from 2015/16 onwards).

**Reporting dates of Subsidiary**

The Art House prepares audited financial statements on a calendar year basis.

## Summarised financial information for the Subsidiary

\$ '000	2021	2020
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**Summarised statement of comprehensive income**

Revenue	2,245	2,309
Expenses	(1,876)	(2,391)
<b>Profit/(loss) for the period</b>	<b>369</b>	<b>(82)</b>
<b>Total comprehensive income</b>	<b>369</b>	<b>(82)</b>

**Summarised statement of financial position**

Current assets	1,448	391
Non-current assets	38	221
<b>Total assets</b>	<b>1,486</b>	<b>612</b>
Current liabilities	839	287
Non-current liabilities	24	71
<b>Total liabilities</b>	<b>863</b>	<b>358</b>
<b>Net assets</b>	<b>623</b>	<b>254</b>

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## D2-1 Subsidiaries (continued)

\$ '000	2021	2020
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	906	(163)
Cash flows from investing activities	(45)	—
Cash flows from financing activities	(12)	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>849</b>	<b>(163)</b>

**Accounting policy for subsidiaries**

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

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

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## E Risks and accounting uncertainties

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

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by Council.

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash 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		
– Equity / Income Statement	4,858	3,627
Impact of a 10% movement in price of investments		
– Equity / Income Statement	48,580	36,271

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

## (b) Credit risk

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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 other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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 due	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	1	16,580	940	640	439	18,600
<b>2020</b>						
Gross carrying amount	173	23,790	3,928	897	285	29,073

## 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 due	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	25,187	12,483	1,354	1,595	8,518	49,137
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	21.78%	3.78%
ECL provision	—	—	—	—	1,855	1,855
<b>2020</b>						
Gross carrying amount	5,539	33,094	1,514	5,535	12,662	58,344
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	19.70%	4.28%
ECL provision	—	—	—	—	2,494	2,494

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## 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	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	11,149	44,910	43	9	56,111	56,111
Loans and advances	3.25%	–	51,984	209,348	145,617	406,949	348,228
<b>Total financial liabilities</b>		<b>11,149</b>	<b>96,894</b>	<b>209,391</b>	<b>145,626</b>	<b>463,060</b>	<b>404,339</b>
<b>2020</b>							
Trade/other payables	0.00%	10,908	69,730	61	11	80,710	80,710
Loans and advances	5.70%	–	57,862	111,521	141,660	311,043	236,588
<b>Total financial liabilities</b>		<b>10,908</b>	<b>127,592</b>	<b>111,582</b>	<b>141,671</b>	<b>391,753</b>	<b>317,298</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment

During the reporting period Council has also measured the following assets at fair value on a non-recurring basis:

- Non-current assets classified as held for sale

## Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-8									
Plant and equipment		12/05/16	12/05/16	—	—	49,808	58,069	49,808	58,069
Office equipment		12/05/16	12/05/16	—	—	7,675	9,737	7,675	9,737
Furniture and fittings		12/05/16	12/05/16	—	—	9,300	9,221	9,300	9,221
Operational land		30/06/18	30/06/18	400,018	443,343	—	—	400,018	443,343
Crown and Community land		01/07/20	01/07/19	424,488	422,992	—	—	424,488	422,992
Land under Roads		30/06/20	12/05/16	2,149	—	—	1,586	2,149	1,586
Land improvements – depreciable		30/06/18	30/06/18	—	—	30,244	28,323	30,244	28,323
Buildings – specialised		30/06/18	30/06/18	—	—	468,321	471,635	468,321	471,635
Other structures		12/05/16	12/05/16	—	—	34,806	30,517	34,806	30,517
Roads		30/06/21	12/05/16	—	—	1,427,873	1,386,134	1,427,873	1,386,134
Bridges		30/06/21	12/05/16	—	—	37,906	37,105	37,906	37,105
Footpaths		30/06/21	12/05/16	—	—	143,048	99,112	143,048	99,112
Bulk earthworks – non depreciable		30/06/21	12/05/16	—	—	354,039	382,751	354,039	382,751
Stormwater drainage		30/06/21	12/05/16	—	—	1,092,202	1,030,632	1,092,202	1,030,632
Water supply network		30/06/16	30/06/16	—	—	1,034,527	1,035,739	1,034,527	1,035,739
Sewerage network		30/06/16	30/06/16	—	—	1,310,106	1,411,723	1,310,106	1,411,723
Swimming pools		12/05/16	12/05/16	—	—	4,922	5,137	4,922	5,137
Other open space/recreational assets		12/05/16	12/05/16	—	—	92,168	77,338	92,168	77,338
Other infrastructure		12/05/16	12/05/16	—	—	26,841	28,938	26,841	28,938
Library books		12/05/16	12/05/16	—	—	1,886	2,187	1,886	2,187
Other		12/05/16	12/05/16	—	—	1,199	858	1,199	858
Tip assets		12/05/16	12/05/16	—	—	20,976	20,153	20,976	20,153
Total infrastructure, property, plant and equipment						6,147,847	6,126,895	6,974,502	6,993,230
	10			826,655	866,335	7	5	2	

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## E2-1 Fair value measurement (continued)

### Valuation techniques

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are based on the valuation techniques employed by the former Councils.

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

#### Plant and equipment, office equipment, furniture and fittings

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

Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- plant and equipment
  - o Major plant items – tractors, excavators, street sweepers, tipplers, rollers, forklifts, backhoes, beach cleaners and weed harvester
  - o Minor plant items – generators, mowers, trailers, chainsaws, wood chippers and power hand tools
  - o Fleet vehicles – trucks, commercial vehicles and passenger vehicles
- office equipment – computer hardware, communications equipment, digital cameras, photocopiers
- furniture and fittings – work stations, storage cabinets, CCTV, air conditioning units.

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

Council reviews the value of these assets based on the gross replacement cost of similar assets.

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

#### Operational land

This asset class is comprised of all Council's land classified as Operational Land under the *Local Government Act 1993*. Council's accounting policy is to value the freehold land at market value basis.

Council engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2018. The land was valued using level 2 inputs that would be taken into account by buyers and sellers in setting the price, including but not limited to dimensions, land use and zoning, exposure to traffic and topography.

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

#### Crown and Community land

Community Land assets are comprised of Council owned land classified as Community Land under the *Local Government Act 1993*. Crown land is under the care and management of Council on behalf of the Crown.

Council's accounting policy is to value Crown and Community land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location) where the Valuer General has not provided a land value based on the highest and best use for the land.

These are considered level 2 observable inputs.

Crown and Community land have been valued at 30 June 2020 using the VG valuations published on 1 July 2019.

#### Land under roads

Land under roads consists of land under roadways and road reserves including land under footpaths, nature strips and median strips as per AASB 1051. Council has elected not to recognise as an asset land under roads acquired before 1 July 2008.

Land under roads acquired since 1 July 2008 has been recognised in accordance with AASB 116 Property, Plant and Equipment. Where Council has acquired land under roads it is recognised at cost where the cost represents fair value. Where the land under roads is dedicated or acquired at nominal value the land is recognised at its fair value.

## E2-1 Fair value measurement (continued)

Land under roads has been valued at 30 June 2020 using the Englobo method (which is a discounted method) and VG valuations published on 1 July 2019. This asset class is classified as Level 2 as significant inputs used are observable.

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

### Land improvements

This asset class is comprised of landscaping, estuary protection works, access works, water features and paved public areas.

This asset class is classified as Level 3 as significant inputs used in the valuation are unobservable.

### Buildings – specialised

It is Council's accounting policy to value buildings for which a market exists using the best estimate of the price reasonably obtainable in the market at the date of valuation. Where there is no depth in market the buildings will be determined on the depreciated current replacement cost basis.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting equipment, and general lighting). The buildings and site improvements will be physically inspected and measured.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

Council engaged Scott Fullarton Valuation Pty Ltd to value all buildings in 2018. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account Council's asset management practices.

Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other outputs (such as estimates of residual value, useful life, asset condition and componentisation including the split between short and long life components) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, this asset class has been valued utilising Level 3 inputs.

### Other structures

This asset class is comprised of shade shelters, retaining walls, playground equipment, fencing, fountains, sea walls and structures which did not meet the definition of a building.

Council's accounting policy is to value other structures based on the technical knowledge and experience of engineers and asset management staff. Unobservable Level 3 inputs used include useful life, asset condition and pattern of consumption.

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

### Roads

This asset class is comprised of the road carriageway, car parks, and other road related assets. Council's roads are separated into segments for inspection and valuation and componentised into the surface, sub-base, base and associated earthworks. Other road related assets include bus shelters, footpaths, guard rails, speed humps, kerb and gutter, medians, pedestrian refuges and roundabouts.

Council engaged Morrison Low to value all Roads Infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the Modern Engineering Equivalent Replacement Asset (MEERA) approach.

Unit rates were developed for each road classification and traffic volume, based on data available including the cost to construct similar assets from actual contract rates and industry unit rates. Some of the other significant inputs are remaining useful life, pattern of consumption, dimensions and road classification.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Bridges

This asset class is comprised of road and foot bridges.

Council engaged Morrison Low to value all bridges at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Bridges are assessed by physical inspection in accordance with Roads and Maritime Services guidelines. Condition information is updated as changes are observed through regular inspections.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

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## E2-1 Fair value measurement (continued)

### Footpaths

This asset class is comprised of pedestrian walkways and cycle ways (shared paths).

Council engaged Morrison Low to value all footpaths as at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Bulk earthworks (non-depreciable)

This asset class contains the formation costs for roads and buildings. Buildings and sporting facilities are recognised and valued at cost and Council assumes that the carrying amount reflects the fair value of these assets.

This asset class has been recognised as non-depreciable as it is not expected that bulk earthworks will need to be renewed during the normal operational use of the assets.

Bulk earthworks were revalued as part of the valuation of Roads, Bridges and Transport assets by Morrison Low at 30 June 2021.

### Stormwater drainage

The Stormwater drainage asset class consists of Council's pits, pipes, detention basins, open drains, culverts, floodgates, wetlands, headwalls and gross pollutant traps.

The valuation of this asset class uses the cost assets approach. Council engaged Morrison Low to value all Stormwater Drainage assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

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

### Water supply network

This asset class is comprised of water treatment plants, water pump stations, reservoirs, water mains, tunnels, dams, weirs and water meters.

Council engaged external consultants GHD, to undertake the valuation of all water supply infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach. Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

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

### Sewerage network

This asset class is comprised of sewer treatment plants, sewer pump stations, sewer vacuum systems and sewer mains.

Council engaged external consultants GHD, to undertake the valuation of all sewerage network assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach. Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

There have been no other changes to the valuation process during the reporting period.

### Swimming pools

Assets within this class are comprised of ocean baths, swimming pools and associated structures.

The gross replacement cost approach will be utilised to value this asset class. This approach estimates the gross replacement cost based on MEERA techniques. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

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

### Other open space/recreational assets

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## E2-1 Fair value measurement (continued)

This asset class is comprised of life guard towers, tennis courts, athletics tracks, picnic shelters, playground equipment, skate parks, fencing and sporting facilities.

This asset class will be valued using the gross replacement cost approach based on MEERA techniques.

Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition. Asset conditions are determined by field inspections using ratings of 1 (Excellent) to 5 (Very Poor).

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

### **Library books**

Assets included in this asset class consist of library books, journals, magazines, CDs and DVDs which are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. There are no major variances between the fair value and carrying amount of these assets and these assets are disclosed at fair value in the notes.

Whilst these assets are recognised at cost with supporting supplier invoices (observable input) the remaining significant inputs (useful life, pattern of consumption and asset condition) are unobservable and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

### **Other assets**

Other assets include miscellaneous assets which are recognised and valued at cost including the Heritage Collection which comprises artwork and sculptures. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

The replacement cost or insured value approach will be utilised to value other assets. Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption and asset condition and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

### **Tip asset**

This asset class includes the tip cells at Council's Waste Facilities which is recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the item. Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

## E2-1 Fair value measurement (continued)

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

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

	Plant and equipment		Office equipment		Furniture and fittings		Land under Roads	
\$ '000	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>58,069</b>	49,850	<b>9,737</b>	4,415	<b>9,221</b>	6,708	<b>1,586</b>	1,586
Transfers from/(to) another asset class	823	(515)	—	(75)	—	(22)	—	—
Purchases (GBV)	3,111	19,536	681	7,966	1,614	3,665	—	—
Disposals (WDV)	(4,008)	(2,991)	(1)	—	(158)	—	—	—
Depreciation and impairment	(8,187)	(7,811)	(2,742)	(2,569)	(1,377)	(1,130)	—	—
Revaluation increments to Equity (ARR)	—	—	—	—	—	—	563	—
<b>Closing balance</b>	<b>49,808</b>	58,069	<b>7,675</b>	9,737	<b>9,300</b>	9,221	<b>2,149</b>	1,586

	Tip assets		Land improve-ments		Buildings		Other structures	
\$ '000	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>20,153</b>	16,499	<b>28,323</b>	25,488	<b>471,634</b>	470,699	<b>30,517</b>	24,434
Transfers from/(to) another asset class	—	—	—	561	(7,378)	352	(690)	243
Purchases (GBV)	3,517	5,399	3,768	4,177	14,140	16,755	7,131	7,448
Disposals (WDV)	—	—	—	—	(639)	(3,510)	(17)	(7)
Depreciation and impairment	(2,694)	(1,745)	(1,847)	(1,903)	(13,731)	(11,769)	(2,135)	(1,601)
Revaluation increments to Equity (ARR)	—	—	—	—	(17,620)	(893)	—	—
<b>Closing balance</b>	<b>20,976</b>	20,153	<b>30,244</b>	28,323	<b>446,406</b>	471,634	<b>34,806</b>	30,517

**E2-1 Fair value measurement (continued)**

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,386,134</b>	1,354,860	<b>37,105</b>	35,017	<b>99,112</b>	89,836	<b>382,751</b>	377,894
Transfers from/(to) another asset class	<b>6,923</b>	—	—	—	—	—	<b>4,686</b>	—
Purchases (GBV)	<b>44,161</b>	68,408	<b>129</b>	2,805	<b>12,249</b>	11,935	<b>728</b>	4,927
Disposals (WDV)	<b>(5,957)</b>	(670)	<b>(75)</b>	(38)	—	—	—	(70)
Depreciation and impairment	<b>(36,369)</b>	(36,464)	<b>(618)</b>	(679)	<b>(2,532)</b>	(2,659)	—	—
Revaluation increments to Equity (ARR)	<b>32,981</b>	—	<b>1,365</b>	—	<b>34,219</b>	—	<b>(34,126)</b>	—
<b>Closing balance</b>	<b>1,427,873</b>	1,386,134	<b>37,906</b>	37,105	<b>143,048</b>	99,112	<b>354,039</b>	382,751

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,030,632</b>	1,020,512	<b>1,035,739</b>	1,033,296	<b>1,411,723</b>	1,410,293	<b>5,137</b>	3,622
Transfers from/(to) another asset class	—	—	<b>7</b>	682	<b>690</b>	600	<b>13</b>	266
Purchases (GBV)	<b>19,882</b>	26,271	<b>33,696</b>	20,557	<b>43,435</b>	24,574	<b>118</b>	1,471
Disposals (WDV)	<b>(35)</b>	(293)	<b>(994)</b>	(1,004)	<b>(1,385)</b>	(1,258)	—	(7)
Depreciation and impairment	<b>(14,569)</b>	(15,858)	<b>(24,217)</b>	(26,833)	<b>(32,647)</b>	(35,143)	<b>(346)</b>	(215)
Revaluation decrements to Income Statement	—	—	—	—	<b>(28,981)</b>	—	—	—
Revaluation increments to Equity (ARR)	<b>56,292</b>	—	<b>(9,704)</b>	9,041	<b>(82,729)</b>	12,657	—	—
<b>Closing balance</b>	<b>1,092,202</b>	1,030,632	<b>1,034,527</b>	1,035,739	<b>1,310,106</b>	1,411,723	<b>4,922</b>	5,137

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**E2-1 Fair value measurement (continued)**

\$ '000	Open space / recreational		Other infrastructure		Library books		Other	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>77,338</b>	72,712	<b>28,938</b>	24,451	<b>2,187</b>	2,125	<b>858</b>	807
Transfers from/(to) another asset class	—	(248)	(6,756)	—	—	—	—	—
Purchases (GBV)	<b>19,822</b>	8,994	<b>6,196</b>	5,913	<b>509</b>	833	<b>4,195</b>	124
Disposals (WDV)	—	—	—	(80)	—	(1)	—	—
Depreciation and impairment	<b>(4,992)</b>	(4,120)	<b>(1,537)</b>	(1,346)	<b>(810)</b>	(770)	<b>(173)</b>	(73)
Revaluation increments to Equity (ARR)	—	—	—	—	—	—	<b>1,005</b>	—
<b>Closing balance</b>	<b>92,168</b>	77,338	<b>26,841</b>	28,938	<b>1,886</b>	2,187	<b>5,885</b>	858

\$ '000	Total	
	2021	2020
<b>Opening balance</b>	<b>6,126,894</b>	<b>6,025,104</b>
Transfers from/(to) another asset class	(1,682)	1,844
Purchases (GBV)	<b>219,082</b>	<b>241,758</b>
Disposals (WDV)	(13,269)	(9,929)
Depreciation and impairment	(151,523)	(152,688)
Revaluation decrements to Income Statement	(28,981)	—
Revaluation increments to Equity (ARR)	(17,754)	20,805
<b>Closing balance</b>	<b>6,132,767</b>	<b>6,126,894</b>

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## E2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant and equipment	49,808	Cost approach	Pattern of consumption, useful life and residual value
Office equipment	7,675	Cost approach	Pattern of consumption, useful life and residual value
Furniture and fittings	9,300	Cost approach	Pattern of consumption, useful life and residual value
Land under Roads	2,149	Cost approach	The market value of land varies significantly depending on the location of the land and current market conditions.
Land improvements	30,244	Cost approach	Pattern of consumption, useful life and residual value
Buildings	446,406	Market value	Pattern of consumption, useful life, residual value, asset condition and componentisation
Other structures	34,806	Cost approach	Useful life, pattern of consumption and asset condition
Roads	1,427,873	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bridges	37,906	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Footpaths	143,048	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bulk earthworks	354,039	Cost approach	Useful life, pattern of consumption and asset condition
Stormwater drainage	1,092,202	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Water supply network	1,034,527	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Sewerage network	1,310,106	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Swimming pools	4,922	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Open space / recreational	92,168	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Other infrastructure	26,841	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Library books	1,886	Cost approach	Useful life, pattern of consumption and asset condition
Other	1,199	Cost approach	Useful life, pattern of consumption and asset condition
Tip assets	20,976	Cost approach	Pattern of consumption and useful life

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## E2-1 Fair value measurement (continued)

### Highest and best use

The following non-financial assets of Council are being utilised for purposes that do not generate commercial revenues:

#### Community based assets

Council undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based on meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Crown land under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the *Local Government Act 1993*.

Futhermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the "highest and best use" of those assets to Council.

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## E3-1 Contingencies

The following 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.

### CONTINGENT LIABILITIES

#### 1. Guarantees

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 *Employee Benefits* for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The 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 lifetime of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members *
Division C	2.5% salaries
Division D	1.64 times member contributions

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to fund the deficit of assets to accrued liabilities. It is estimated that there are \$1,779,700 past service contributions remaining.

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.

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$2,840,977. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

Council's expected contribution to the plan for the next annual reporting period is \$2,424,953.

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

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

- excluding other accumulation accounts and reserves in both assets and liabilities.

Council's share of the 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 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

## (iii) Other guarantees

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

## 2. Other liabilities

## (i) Third party claims

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

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

## Developer Contributions

Council has significant obligations to provide section 7.11 infrastructure across the local government area, and levies fees accordingly. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference.

These future expenses do not yet qualify as liabilities as at the reporting date but represent Council's intention to spend funds in the manner and timing set out in those plans (refer Note G4).

## E3-1 Contingencies (continued)

**Contaminated lands**

Council is required by law to remediate its contaminated sites. The projected costs associated with this remediation are provided for within the financial statements at Note C3-5 and are based on certain estimates and assumptions. Prior to remediation works being carried out, monitoring works are required to manage site risks while post remediation there is a period of validation to ensure that the remediation has been successful. These costs are included within the projections provided for within the financial statements at Note C3-5. Post remediation and validation, Council will continue to monitor each site for at least an additional 10 years. This monitoring will vary between each site and cannot be reliably estimate at this time however may approximate \$911,170. This estimate is based on the former landfill sites actual monitoring costs for 2020-21 of \$91,117 multiplied by 10 years.

**Waste Remediation**

In 2018-2019 Council made notifications to the NSW Environmental Protection Authority (NSW EPA) under Section 60 of the *Contaminated Land Management Act 1997* for six retired landfill sites. In March 2020 Council was advised that three of these sites (Hylton Moore Oval, Frost Reserve and Adcock Park) are significant enough to warrant regulation under the *Contaminated Land Management Act 1997*. In August 2020 the NSW EPA approved Council's Voluntary Management Proposals for each of these three sites. In 2020-2021 the community consultation plans and site management plans were completed and the detailed site investigation stage commenced. The estimated cost to undertake the detailed site investigations and their review by NSW EPA accredited contaminated site auditor across all three sites is an additional \$663,150 and this has been fully provided for within the financial statements at Note C3-5. At this stage there is no reliable way to estimate the cost of any further remediation activities that may be required at these sites.

**Legal Expenses**

The Council is a party to a number of legal proceedings in various jurisdictions. All known costs have been recognised, however as the various legal proceedings are still in progress, it is not possible to estimate the ultimate financial impact. For example, legal costs that the Council may be awarded, or ordered to pay; and other financial penalties that may be imposed, subject to the powers of the Court or Tribunal in the relevant jurisdiction.

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**F People and relationships****F1 Related party disclosures****F1-1 Key management personnel (KMP)**

Key management personnel (KMP) of Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. KMP include the following positions: Councillors, Interim Administrator, Chief Executive Officer and Executive Leadership Team members.

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Compensation:</b>		
Short-term benefits	3,329	4,308
Other long-term benefits	387	346
Termination benefits	776	445
<b>Total</b>	<b>4,492</b>	<b>5,099</b>

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

## Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council delivering a public service objective (e.g. rates and annual charges, water usage, access to library services or Council leisure centres by KMP) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
<b>2021</b>						
Supply of apprentices and support services	1	25	—	7 days	—	—
Insurance services	2	3,227	—	7 days	—	—
<b>2020</b>						
Supply of apprentices and support services	1	459	6	7 days	—	—
Insurance services	2	109	58	7 days	—	—

1 On 1 October 2019 Council entered into a new 3 year contract with Central Coast Group Training Limited, a company which is controlled by a member of the KMP of Council. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable based on 7 day terms for the duration of the contract.

2 The Council paid for insurance services during the year from Statewide Mutual, a company which has a member of Councils KMP as an elected Board Member. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.



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

\$ '000	2021	2020
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	39	89
Councillors' fees	175	456
Other Councillors' expenses (including Mayor)	36	48
Interim Administrator fee	209	—
<b>Total</b>	<b>459</b>	<b>593</b>

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## F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2021</b>						
<b>Funding and in-kind support services 2020</b>	1	<b>1,016</b>	–	Funding and support services provided in line with the funding agreement	–	–
Funding and in-kind support services	1	1,075	–	Funding and support services provided in line with the funding agreement	–	–
1	The former Wyong Shire Council entered into a funding and service level agreement with The Art House, Wyong Shire Performing Arts and Conference Centre Limited in 2016 to provide funding and in-kind services.					

## F2 Other relationships

## F2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements

	781	281
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<b>Remuneration for audit and other assurance services</b>	<b>781</b>	<b>281</b>
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<b>Total Auditor-General remuneration</b>	<b>781</b>	<b>281</b>
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**Non NSW Auditor-General audit firms****(ii) Non-assurance services**

Other services

	-	90
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<b>Remuneration for non-assurance services</b>	<b>-</b>	<b>90</b>
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<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>-</b>	<b>90</b>
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<b>Total audit fees</b>	<b>781</b>	<b>371</b>
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**G Other matters****G1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Net operating result from Income Statement</b>	<b>(7,842)</b>	<b>(21,837)</b>
<b>Adjust for non-cash items:</b>		
Depreciation, amortisation and impairment	154,175	157,109
Net losses/(gains) on disposal of assets	7,052	4,931
Non-cash capital grants and contributions	(27,268)	(17,052)
Adoption of AASB 15/1058	–	(14,412)
Investments classified as 'at fair value'	(561)	(2,476)
– Interest-free advances made by Council (deferred debtors)	294	–
Decrements from revaluations direct to P&L	28,981	–
Interest on all fair value adjusted interest free advances made by Council	–	(27)
Unwinding of discount rates on reinstatement provisions	566	1,193
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	19,679	(12,806)
Increase/(decrease) in provision for impairment of receivables	(639)	100
Decrease/(increase) in inventories	243	(255)
Decrease/(increase) in other current assets	2,482	(896)
Increase/(decrease) in payables	(5,172)	(1,500)
Increase/(decrease) in other accrued expenses payable	(20,735)	5,428
Increase/(decrease) in other liabilities	2,397	(114)
Increase/(decrease) in contract liabilities	2,785	12,996
Increase/(decrease) in provision for employee benefits	(5,276)	4,108
Increase/(decrease) in other provisions	(2,429)	6,895
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>148,732</b>	<b>121,385</b>

**(b) Non-cash investing and financing activities**

Other dedications	27,098	17,052
<b>Total non-cash investing and financing activities</b>	<b>27,098</b>	<b>17,052</b>

## G2-1 Commitments

## Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Plant and equipment	338	2,289
Land and buildings	1,254	10,900
Technology	674	5,264
Tip assets	8,118	1,187
Stormwater Management infrastructure	159	406
Open Space infrastructure	1,283	3,372
Road infrastructure	2,480	4,641
Sewerage and water infrastructure	13,488	41,294
<b>Total commitments</b>	<b>27,794</b>	<b>69,353</b>

**These expenditures are payable as follows:**

Within the next year	27,794	69,353
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**Sources for funding of capital commitments:**

Unrestricted general funds	10,589	69,353
Unexpended grants and contributions	9,846	—
Externally restricted reserves	7,359	—
<b>Total sources of funding</b>	<b>27,794</b>	<b>69,353</b>

**Details of capital commitments**

Major projects to continue next year include:

- \* Annual water main renewal program
- \* Buttonderry Waste Management Facility - Cell 4.4
- \* Water treatment plant major upgrade - Mardi
- \* Water and sewer infrastructure reinforcements - Gosford CBD
- \* Critical sewer main rehabilitation - reticulation system
- \* Water and sewer infrastructure - Warnervale town centre
- \* Peninsula Leisure Centre - Air handling system upgrade
- \* Serwe pump station upgrade - Clarke Road, Noraville
- \* Del Monte Place road upgrade - Copacabana

## G3-1 Events occurring after the reporting date

To be updated in October prior to Audit sign off

## G4 Changes from prior year statements

## G4-1 Changes in accounting policy

## Voluntary changes in accounting policies

## Nature of changes in accounting policies

The IFRS Interpretations Committee (IFRIC) released an agenda decision in April 2021 in relation to configuration and customisation costs in cloud computing under AASB 138 'Intangible Assets'. The agenda decision requires that almost all expenditure on the implementation of cloud computing arrangements are to be expensed, and not capitalised as an intangible asset.

Cloud computing arrangements are ones in which a customer does not have possession of the underlying software. Rather, the customer accesses and uses the software on an as-needed basis – for example, over the internet. Cloud computing arrangements are sometimes referred to as 'software as a service' (SaaS).

The agenda decision confirms that configuration and customisation costs in cloud computing arrangements usually do not give rise to an intangible asset. This is because a right to receive future access to the supplier's software does not in itself give the customer the power to obtain the future economic benefits flowing from the software, or restrict others' access to those benefits. In most circumstances, SaaS arrangements are service contracts, and the supplier controls the application software to which the customer has access. As such, the customer does not have control and cannot recognise an intangible asset. The configuration and customisation costs do not create a resource controlled by the customer that is separate from the software – so these costs cannot be capitalised as an intangible asset.

IFRIC also made the observation that, where a third party supplier provides the configuration and customisation services, the customer recognises the costs as an expense as and when the configuration or customisation is performed.

Council's current accounting practice needs to change because of the agenda decision, this constitutes a change in accounting policy. Such changes are generally accounted for retrospectively, meaning amounts reported in the previous period need to be restated where the changes are considered material.

Considering the explicit reference to the April 2021 agenda decision for the June reporting period, Council has considered the impact of this on its 30 June 2021 financial statements and made the necessary adjustments and disclosures.

## Adjustments to the comparative figures for the year ended 30 June 2020

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Intangible Assets	29,993	(20,909)	9,084
<b>Total assets</b>	<b>7,704,964</b>	<b>(20,909)</b>	<b>7,684,055</b>
Accumulated Surplus	6,952,892	(20,909)	6,931,983
<b>Total equity</b>	<b>7,704,964</b>	<b>(20,909)</b>	<b>7,684,055</b>

## G5 Statement of developer contributions as at 30 June 2021

## G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	23,002	518	–	203	(1,150)	–	22,573	–
Roads	14,357	2,157	–	200	(97)	72	16,689	(183)
Parking	5,445	6	–	59	(48)	77	5,539	–
Open space	13,438	2,113	–	231	(1,290)	(342)	14,150	(841)
Community facilities	26,176	1,797	–	246	–	193	28,412	(747)
Other	443	205	–	4	(170)	–	482	–
Drainage Capital	6,756	348	–	82	(219)	–	6,967	–
Drainage Land	3,132	80	–	38	(52)	–	3,198	–
Storm Water/Flood Mitigation	1,692	208	–	21	(4)	–	1,917	–
Roads Capital	5,626	324	–	68	(116)	–	5,902	–
Roads Land	86	2	–	2	(7)	–	83	–
Open Space Land	7,299	508	–	90	(160)	–	7,737	–
Open Space Embellishment	1,851	562	–	23	(741)	–	1,695	–
Community Capital	7,907	233	–	94	(430)	–	7,804	–
Community Land	435	10	–	6	(1)	–	450	–
Recreation	2,497	100	–	29	(129)	–	2,497	–
Footpaths	699	47	–	10	(32)	–	724	–
Environment Protection	818	15	–	10	(5)	–	838	–
Towncentre Improvements	1,383	309	–	16	(96)	–	1,612	–
Car Parking Administration	71	–	–	1	–	–	72	–
<b>S7.11 contributions – under a plan</b>	<b>123,113</b>	<b>9,542</b>	<b>–</b>	<b>1,433</b>	<b>(4,747)</b>	<b>–</b>	<b>129,341</b>	<b>(1,771)</b>
<b>S7.12 levies – under a plan</b>	<b>17,526</b>	<b>1,628</b>	<b>–</b>	<b>191</b>	<b>(1,668)</b>	<b>–</b>	<b>17,677</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>140,639</b>	<b>11,170</b>	<b>–</b>	<b>1,624</b>	<b>(6,415)</b>	<b>–</b>	<b>147,018</b>	<b>(1,771)</b>
S7.11 not under plans	4,903	–	–	65	(38)	–	4,930	–
S7.4 planning agreements	5,575	–	–	55	–	–	5,630	1,771
S64 contributions - Water	27,529	3,392	–	226	(29,482)	–	1,665	–
S64 contributions - Sewer	20,031	3,010	–	284	(3,816)	–	19,509	–
<b>Total contributions</b>	<b>198,677</b>	<b>17,572</b>	<b>–</b>	<b>2,254</b>	<b>(39,751)</b>	<b>–</b>	<b>178,752</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.

## G5-1 Summary of developer contributions (continued)

Under the *Local Government Act 1993*, Council levies S64 contributions for Water and Sewer Infrastructure assets. These contributions are outlined in the relevant Development Servicing Plans (DSPs) and in accordance with the *Water Management Act 2000*.

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.

## G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 5 - WEST NARARA								
Drainage Capital	999	4	–	12	(25)	–	990	–
Drainage Land	123	–	–	2	(3)	–	122	–
Roads Capital	261	1	–	3	(7)	–	258	–
Open Space Land	424	2	–	5	(5)	–	426	–
Community Capital	384	–	–	5	(12)	–	377	–
Recreation	202	2	–	2	(12)	–	194	–
Total	2,393	9	–	29	(64)	–	2,367	–
CONTRIBUTION PLAN NUMBER 7 -NIAGARA PARK								
Drainage Capital	307	–	–	4	(9)	–	302	–
Roads Capital	62	–	–	1	(4)	–	59	–
Open Space Land	41	–	–	–	–	–	41	–
Community Capital	107	–	–	1	(10)	–	98	–
Recreation	33	–	–	–	–	–	33	–
Total	550	–	–	6	(23)	–	533	–

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of interna borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 8 - LISAROW								
Drainage Capital	568	6	—	7	(18)	—	563	—
Drainage Land	850	12	—	10	(22)	—	850	—
Roads Capital	593	20	—	7	(10)	—	610	—
Open Space Land	141	6	—	3	(7)	—	143	—
Community Capital	3,211	10	—	37	(106)	—	3,152	—
Recreation	223	2	—	3	(19)	—	209	—
Total	5,586	56	—	67	(182)	—	5,527	—
CONTRIBUTION PLAN NUMBER 16 - KINCUMBER								
Drainage Capital	424	—	—	5	(6)	—	423	—
Drainage Land	57	—	—	1	(5)	—	53	—
Roads Capital	514	—	—	5	(16)	—	503	—
Open Space Land	552	—	—	7	(30)	—	529	—
Total	1,547	—	—	18	(57)	—	1,508	—
CONTRIBUTION PLAN NUMBER 21 - KARIONG								
Drainage Capital	381	41	—	5	(39)	—	388	—
Roads Capital	31	19	—	—	(2)	—	48	—
Open Space Land	1,013	16	—	12	(2)	—	1,039	—
Community Capital	511	13	—	6	(209)	—	321	—
Total	1,936	89	—	23	(252)	—	1,796	—
CONTRIBUTION PLAN NUMBER 23 - SPRINGFIELD								
Drainage Capital	41	4	—	—	(1)	—	44	—
Drainage Land	35	1	—	—	(1)	—	35	—
Roads Capital	343	33	—	5	(8)	—	373	—
Open Space Land	471	63	—	6	(11)	—	529	—
Total	890	101	—	11	(21)	—	981	—

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of interna borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 31 - PENINSULA								
Drainage Capital	2,885	173	—	35	(70)	—	3,023	—
Drainage Land	1,695	44	—	21	(12)	—	1,748	—
Roads Capital	392	64	—	5	(35)	—	426	—
Open Space Land	3,072	192	—	38	(88)	—	3,214	—
Community Land	435	10	—	6	(1)	—	450	—
Open Space Embellishment	866	534	—	10	(678)	—	732	—
Community Capital	1,686	164	—	21	(20)	—	1,851	—
Total	11,031	1,181	—	136	(904)	—	11,444	—
CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY								
Other	30	—	—	1	(2)	—	29	—
Total	30	—	—	1	(2)	—	29	—
CONTRIBUTION PLAN NUMBER 42 - ERINA								
Drainage Capital	1,151	120	—	14	(51)	—	1,234	—
Drainage Land	372	23	—	4	(9)	—	390	—
Roads Capital	416	103	—	5	—	—	524	—
Roads Land	86	2	—	2	(7)	—	83	—
Open Space Land	1,166	227	—	15	(2)	—	1,406	—
Community Capital	1,118	17	—	13	(66)	—	1,082	—
Recreation	1,374	61	—	16	(93)	—	1,358	—
Total	5,683	553	—	69	(228)	—	6,077	—
CONTRIBUTION PLAN NUMBER 43 - EAST GOSFORD (PARTIALLY REPEALED)								
Roads Capital	294	12	—	4	(1)	—	309	—
Open Space Embellishment	805	14	—	10	(36)	—	793	—
Footpaths	269	18	—	3	(15)	—	275	—
Total	1,368	44	—	17	(52)	—	1,377	—

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 47A - TERRIGAL								
Storm Water/Flood Mitigation	1,692	208	—	21	(4)	—	1,917	—
Open Space Embellishment	7	9	—	—	(20)	—	(4)	—
Footpaths	298	24	—	4	(8)	—	318	—
Towncentre Improvements	1,383	309	—	16	(96)	—	1,612	—
Total	3,380	550	—	41	(128)	—	3,843	—
CONTRIBUTION PLAN NUMBER 48 - AVOCA								
Open Space Embellishment	138	—	—	2	(6)	—	134	—
Footpaths	39	—	—	1	(2)	—	38	—
Total	177	—	—	3	(8)	—	172	—
CONTRIBUTION PLAN NUMBER 49 - NORTH GOSFORD								
Open Space Land	419	2	—	4	(15)	—	410	—
Open Space Embellishment	2	5	—	—	—	—	7	—
Footpaths	93	5	—	2	(7)	—	93	—
Total	514	12	—	6	(22)	—	510	—
CONTRIBUTION PLAN NUMBER 52 - SPRINGFIELD / ERINA CREEK								
Roads Capital	6	—	—	—	—	—	6	—
Total	6	—	—	—	—	—	6	—
CONTRIBUTION PLAN NUMBER 57 - JOHN WHITEWAY DRIVE (REPEALED)								
Roads Capital	49	4	—	1	—	—	54	—
Total	49	4	—	1	—	—	54	—
CONTRIBUTION PLAN NUMBER 58 - ERINA FAIR								
Roads Capital	957	18	—	11	(18)	—	968	—
Total	957	18	—	11	(18)	—	968	—
CONTRIBUTION PLAN NUMBER 67 - WOY WOY PARKING								
Parking	1,368	—	—	16	(30)	—	1,354	—
Total	1,368	—	—	16	(30)	—	1,354	—

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of interna borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 68 - UMINA PARKING								
Parking	452	-	-	6	(4)	-	454	-
Total	452	-	-	6	(4)	-	454	-
CONTRIBUTION PLAN NUMBER 69 - TERRIGAL PARKING								
Parking	1,532	-	-	19	(7)	-	1,544	-
Car Parking Administration	71	-	-	1	-	-	72	-
Total	1,603	-	-	20	(7)	-	1,616	-
CONTRIBUTION PLAN NUMBER 70 - EAST GOSFORD PARKING								
Parking	223	6	-	3	(5)	-	227	-
Total	223	6	-	3	(5)	-	227	-
CONTRIBUTION PLAN NUMBER 71 - CAR PARKING AVOCA BEACH								
Parking	5	-	-	-	-	-	5	-
Total	5	-	-	-	-	-	5	-
CONTRIBUTION PLAN NUMBER 72 - ETTALONG CAR PARKING								
Parking	118	-	-	1	(2)	-	117	-
Total	118	-	-	1	(2)	-	117	-
CONTRIBUTION PLAN NUMBER 98 - BENSVILLE								
Roads Capital	7	-	-	-	(3)	-	4	-
Open Space Embellishment	33	-	-	1	(1)	-	33	-
Total	40	-	-	1	(4)	-	37	-
CONTRIBUTION PLAN NUMBER 164 - GOSFORD								
Roads Capital	1,701	50	-	21	(12)	-	1,760	-
Community Capital	890	29	-	11	(7)	-	923	-
Recreation	665	35	-	8	(5)	-	703	-
Environment Protection	818	15	-	10	(5)	-	838	-
Total	4,074	129	-	50	(29)	-	4,224	-

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 1 - WYONG								
Drainage	2,122	—	—	16	—	—	2,138	—
Roads	881	20	—	34	1,646	—	2,581	—
Parking	1,729	—	—	13	—	—	1,742	—
Open space	2,792	107	—	24	—	—	2,923	—
Community facilities	2,441	154	—	23	—	—	2,618	500
Other	53	—	—	—	—	—	53	—
Total	10,018	281	—	110	1,646	—	12,055	500
CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES								
Drainage	1,313	5	—	10	—	—	1,328	—
Roads	929	3	—	7	—	—	939	—
Open space	2,420	457	—	23	—	—	2,900	325
Community facilities	1,623	382	—	19	—	—	2,024	599
Other	3	56	—	—	(56)	—	3	—
Total	6,288	903	—	59	(56)	—	7,194	924
CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE								
Drainage	5	—	—	—	—	—	5	—
Roads	3,683	240	—	28	(97)	—	3,854	—
Parking	11	—	—	1	—	77	89	—
Open space	1,688	135	—	15	—	108	1,946	—
Community facilities	642	199	—	11	—	33	885	(1,146)
Total	6,029	574	—	55	(97)	218	6,779	(1,146)
CONTRIBUTION PLAN NUMBER 5 - OURIMBAH								
Roads	261	2	—	2	—	—	265	—
Open space	108	14	—	1	(34)	105	194	—
Community facilities	1,938	12	—	16	—	135	2,101	—
Other	1	1	—	—	(1)	—	1	—
Total	2,308	29	—	19	(35)	240	2,561	—

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 6 - TOUKLEY								
Drainage	4	2	—	—	—	—	6	—
Roads	16	—	—	—	—	—	16	—
Parking	7	—	—	—	—	—	7	—
Open space	1,017	91	—	8	—	—	1,116	106
Community facilities	1,901	92	—	15	—	—	2,008	—
Total	2,945	185	—	23	—	—	3,153	106
CONTRIBUTION PLAN NUMBER 7 - GOROKAN								
Roads	77	—	—	6	—	—	83	—
Open space	643	126	—	11	(382)	499	897	183
Community facilities	582	106	—	5	—	36	729	—
Other	3	17	—	—	(17)	—	3	—
Total	1,305	249	—	22	(399)	535	1,712	183
CONTRIBUTION PLAN NUMBER 8 - SAN REMO								
Drainage	358	—	—	2	—	—	360	—
Roads	355	16	—	9	—	—	380	—
Open space	1,515	50	—	15	(322)	—	1,258	—
Community facilities	2	42	—	—	—	—	44	—
Other	3	6	—	—	(6)	—	3	—
Total	2,233	114	—	26	(328)	—	2,045	—
CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI								
Roads	14	—	—	—	—	72	86	(183)
Open space	403	66	—	4	—	—	473	—
Community facilities	925	55	—	15	—	—	995	1,146
Other	1	9	—	—	(8)	—	2	—
Total	1,343	130	—	19	(8)	72	1,556	963

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER - 13 SHIRE WIDE								
Open space	968	213	–	10	–	–	1,191	
Community facilities	72	163	–	–	–	(135)	100	(3,301)
Other	13	31	–	1	(31)	–	14	–
Total	1,053	407	–	11	(31)	(135)	1,305	(3,301)
CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS								
Roads	2,142	45	–	16	–	–	2,203	–
Open space	838	77	–	10	(505)	432	852	–
Community facilities	2,560	65	–	21	–	124	2,770	–
Other	4	9	–	–	(9)	–	4	–
Total	5,544	196	–	47	(514)	556	5,829	–
CONTRIBUTION PLAN NUMBER 17 - WARNERVALE DISTRICT								
Drainage	19,200	511	–	175	(1,150)	–	18,736	–
Roads	5,999	1,831	–	98	(1,646)	–	6,282	–
Open space	1,046	777	–	110	(47)	(1,486)	400	(1,455)
Community facilities	13,490	527	–	121	–	–	14,138	1,455
Other	332	76	–	2	(40)	–	370	–
Total	40,067	3,722	–	506	(2,883)	(1,486)	39,926	–
S7.12 Levies – under a plan								
CONTRIBUTION PLAN NUMBER GCIP								
Towncentre Improvements	13,548	1,023	–	161	(685)	–	14,047	–
Total	13,548	1,023	–	161	(685)	–	14,047	–
CONTRIBUTION PLAN NUMBER WYONG								
Other	3,978	605	–	30	(983)	–	3,630	–
Total	3,978	605	–	30	(983)	–	3,630	–

## S7.12 Levies – under a plan

## G5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	(Expenditure) / Reimbursements during year	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
GOSFORD CITY IMPROVEMENT & ERINA PARKING								
Parking	2,905	—	—	35	(6)	—	2,934	—
Roads Capital	518	—	—	6	(4)	—	520	—
Open Space Land	610	—	—	13	(24)	—	599	—
Open Space Embellishment	259	—	—	3	(4)	—	258	—
Community Capital	529	—	—	7	—	—	536	—
Environment Protection	82	—	—	1	—	—	83	—
Total	4,903	—	—	65	(38)	—	4,930	—



## G6 Statement of performance measures

## G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020	Indicators 2019	Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(55,882)	(10.37)%	(16.49)%	(0.37)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	539,109				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	496,701	79.75%	81.13%	82.11%	>60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>	622,811				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	160,766	2.25x	(0.33)x	2.10x	>1.50x
Current liabilities less specific purpose liabilities	71,576				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	115,001	1.44x	1.38x	3.21x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	79,763				
<b>5. Rates, annual charges and interest outstanding percentage</b>					
Rates, annual charges and interest outstanding <sup>3</sup>	19,629	5.41%	9.01%	6.53%	<5.00%
Rates, annual charges and interest collectible <sup>3</sup>	362,902				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	236,846	5.05 mths	7.44 mths	9.80 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	46,920				

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

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

(3) Excludes Water Supply Authority Annual Charges not yet due as at 30 June 2021

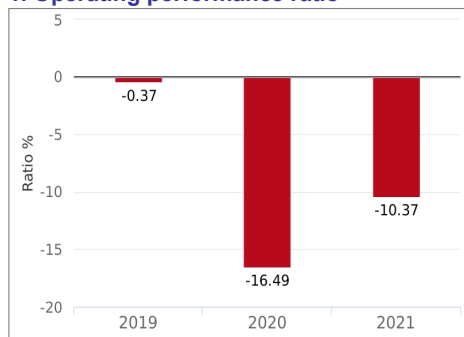
## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(8.66)%	(14.70)%	(19.07)%	(25.94)%	(11.15)%	(16.45)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1, 2</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	75.60%	77.41%	89.27%	92.12%	94.19%	90.06%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	2.03x	(1.94)x	No liabilities	111.59x	(0.16)x	(20.28)x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1, 2</sup>	1.96x	5.39x	0.96x	0.42x	1.14x	2.83x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges and interest outstanding percentage</b>							
Rates, annual charges and interest outstanding <sup>3</sup>	4.90%	6.77%	8.27%	17.44%	7.26%	17.21%	<5.00%
Rates, annual charges and interest collectible <sup>3</sup>							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	5.16 mths	5.15 mths	0.17 mths	3.78 mths	10.79 mths	28.61 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities							

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

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

(3) Excludes Water Supply Authority Annual Charges not yet due as at 30 June 2021

**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 (10.37)%**

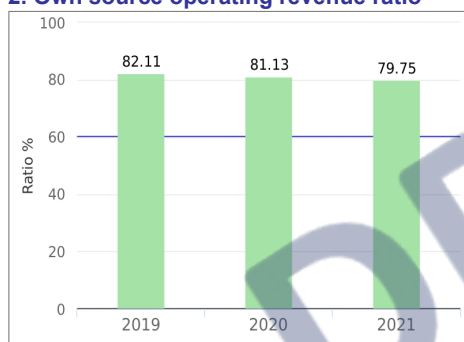
This ratio focuses on operating performance. Capital grants and contributions, loss on sale of assets and fair value adjustments are excluded from the ratio. Council's operating performance ratio was under the benchmark for 2020-21 but showed significant improvement on the prior year. Council will continue to take the necessary actions as part of its Financial Recovery Plan to achieve the benchmark in the future.

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 79.75%**

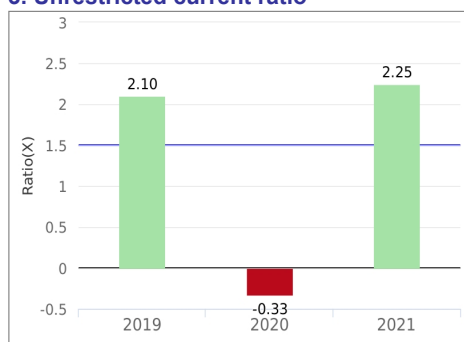
Council's Own Source Operating Revenue Ratio has remained well above the benchmark of >60% in the last four years. Council has a sufficient level of financial flexibility, in the event of being faced with unforeseen events.

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 2.25x**

Council's Unrestricted Current Ratio is above the benchmark of >1.5x in 2020-21. Council's liquidity has significantly improved on the prior year and demonstrates Council's ability to again meet short-term obligations as they fall due. This will remain a priority for Council.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

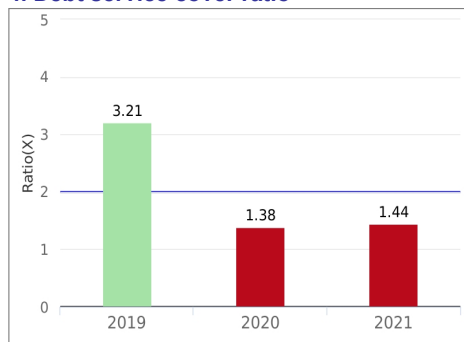
Ratio is outside benchmark

continued on next page ...

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## 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 1.44x

Council's debt service ratio remained below the 2.0 benchmark in 2020-21, adversely impacted by Council's operating result and balloon loan repayments that fell due during the year. It was an improved result on the prior year and as Council's operating result continues to improve this ratio will again trend upwards towards the benchmark.

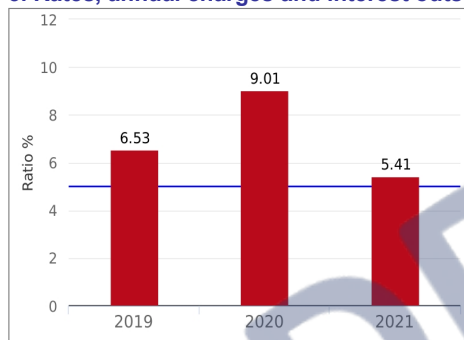
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates, annual charges and interest outstanding percentage



#### Purpose of rates, annual charges and interest 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 5.41%

As a Water Supply Authority, Central Coast Council issues water and sewer notices throughout the year in addition to rates notices. This ratio pertains best to Council's that only issue rates notices where the final instalment is due for payment on 31 May. Council's performance in 2020-21 improved significantly on 2019-20 when higher uncollected rates and annual charges were reported as a result of Covid-19. Council will continue to proactively monitor and manage uncollected debts.

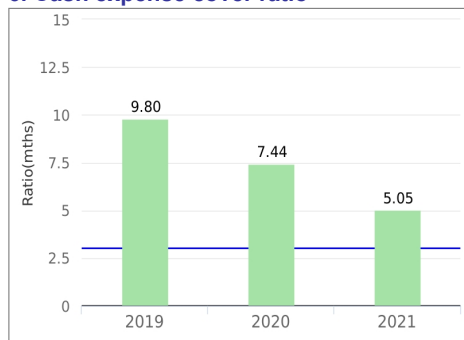
Benchmark: — < 5.00%

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 5.05 mths

Council's Cash Expense Cover Ratio is satisfactory and continues to perform above the benchmark of "greater than 3 months". This ratio has decreased compared to last year as a result of reduced current cash and cash equivalents and all term deposits and increased cash outflows from operating and financing activities.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

**Principal place of business**

2 Hely Street Wyong, NSW 2259  
49 Mann Street Gosford, NSW 2250

**Contact details****Mailing Address:**

PO Box 20, Wyong NSW 2259  
PO Box 21, Gosford NSW 2250

**Telephone:** 1300 463 954

**Opening hours:**

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

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

**Email:** [ask@centralcoast.nsw.gov.au](mailto:ask@centralcoast.nsw.gov.au)

**Officers**

**CHIEF EXECUTIVE OFFICER**  
David Farmer

**RESPONSIBLE ACCOUNTING OFFICER**  
Natalia Cowley

**PUBLIC OFFICER**  
Edward Hock

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

**Interim Administrator**

Rik Hart

**Other information**

**ABN:** 73 149 644 003

## Central Coast Council

### General Purpose Financial Statements for the year ended 30 June 2021

#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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## Central Coast Council

### General Purpose Financial Statements for the year ended 30 June 2021

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#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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## Central Coast Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*A vibrant and sustainable Central Coast*





## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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## Background

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

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

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

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

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

## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Interim Administrator 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,
- accord with Council's accounting and other records, and
- present overhead reallocation charges to businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 29 October 2021.

Rik Hart  
Interim Administrator  
29 October 2021

David Farmer  
Chief Executive Officer  
29 October 2021

Natalia Cowley  
Responsible Accounting Officer  
29 October 2021

## Central Coast Council

Income Statement of water supply business activity  
for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	11,930	11,325
User charges	55,790	57,452
Fees	1,833	1,607
Interest	315	1,211
Grants and contributions provided for non-capital purposes	3	17
Other income	7	82
<b>Total income from continuing operations</b>	<b>69,878</b>	<b>71,694</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	16,877	18,010
Borrowing costs	9,559	11,315
Materials and services	31,179	33,304
Depreciation, amortisation and impairment	24,599	27,198
Water purchase charges	982	464
Loss on sale of assets	994	1,004
Calculated taxation equivalents	646	612
Other expenses	2	2
<b>Total expenses from continuing operations</b>	<b>84,838</b>	<b>91,909</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(14,960)</b>	<b>(20,215)</b>
Grants and contributions provided for capital purposes	8,398	6,117
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(6,562)</b>	<b>(14,098)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(6,562)</b>	<b>(14,098)</b>
<b>Surplus (deficit) after tax</b>	<b>(6,562)</b>	<b>(14,098)</b>
<b>Opening accumulated surplus</b>	<b>948,814</b>	<b>964,704</b>
Changes due to AASB 1058 and AASB 15 adoption	–	(2,404)
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	646	612
<b>Closing accumulated surplus</b>	<b>942,898</b>	<b>948,814</b>
<b>Return on capital %</b>	<b>(0.5)%</b>	<b>(0.8)%</b>
<b>Subsidy from Council</b>	<b>22,481</b>	<b>19,039</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(6,562)	(14,098)
Less: capital grants and contributions (excluding developer contributions)	(8,398)	(6,117)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Central Coast Council

### Income Statement of sewerage business activity for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	54,866	52,685
User charges	16,228	15,398
Liquid trade waste charges	2,136	2,180
Fees	1,161	868
Interest	2,250	3,659
Grants and contributions provided for non-capital purposes	462	399
Other income	59	79
<b>Total income from continuing operations</b>	<b>77,162</b>	<b>75,268</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	17,877	17,577
Borrowing costs	4,783	3,906
Materials and services	30,634	30,492
Depreciation, amortisation and impairment	61,437	35,614
Loss on sale of assets	1,385	1,262
Calculated taxation equivalents	239	227
Other expenses	–	62
<b>Total expenses from continuing operations</b>	<b>116,355</b>	<b>89,140</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(39,193)</b>	<b>(13,872)</b>
Grants and contributions provided for capital purposes	4,267	7,866
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(34,926)</b>	<b>(6,006)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(34,926)</b>	<b>(6,006)</b>
<b>Surplus (deficit) after tax</b>	<b>(34,926)</b>	<b>(6,006)</b>
<b>Opening accumulated surplus</b>	<b>1,492,793</b>	<b>1,498,572</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	239	227
<b>Closing accumulated surplus</b>	<b>1,458,106</b>	<b>1,492,793</b>
<b>Return on capital %</b>	<b>(2.5)%</b>	<b>(0.7)%</b>
<b>Subsidy from Council</b>	<b>54,717</b>	<b>23,245</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(34,926)	(6,006)
Less: capital grants and contributions (excluding developer contributions)	(4,267)	(7,866)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Central Coast Council

Income Statement – Drainage  
for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>Income from continuing operations</b>		
Access charges	15,008	14,345
Interest	29	53
Grants and contributions provided for non-capital purposes	242	177
Other income	–	18
<b>Total income from continuing operations</b>	<b>15,279</b>	<b>14,593</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,465	1,969
Borrowing costs	568	635
Materials and services	7,059	10,879
Depreciation, amortisation and impairment	14,567	15,863
Loss on sale of assets	35	293
Calculated taxation equivalents	74	69
<b>Total expenses from continuing operations</b>	<b>23,768</b>	<b>29,708</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(8,489)</b>	<b>(15,115)</b>
Grants and contributions provided for capital purposes	11,967	2,784
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>3,478</b>	<b>(12,331)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>3,478</b>	<b>(12,331)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>3,478</b>	<b>(12,331)</b>
Opening accumulated surplus	1,021,235	1,033,595
Changes due to AASB 1058 and AASB 15 adoption	–	(98)
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	74	69
<b>Closing accumulated surplus</b>	<b>1,024,787</b>	<b>1,021,235</b>
Return on capital %	(0.7)%	(1.4)%
Subsidy from Council	24,564	23,862

## Central Coast Council

Income Statement – Holiday Parks  
for the year ended 30 June 2021

	2021 Category 1	2020 Category 1
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
User charges	11,583	9,077
<b>Total income from continuing operations</b>	<b>11,583</b>	<b>9,077</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	181	264
Materials and services	8,239	6,524
Depreciation, amortisation and impairment	676	678
Loss on sale of assets	30	17
Calculated taxation equivalents	285	280
Other expenses	663	472
<b>Total expenses from continuing operations</b>	<b>10,074</b>	<b>8,235</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,509</b>	<b>842</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,509</b>	<b>842</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,509</b>	<b>842</b>
Less: corporate taxation equivalent [based on result before capital]	(392)	(232)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,117</b>	<b>610</b>
<b>Opening accumulated surplus</b>	<b>28,928</b>	<b>26,749</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	285	280
– Corporate taxation equivalent	392	232
– Subsidy paid/contribution to operations	1,606	1,057
<b>Closing accumulated surplus</b>	<b>32,328</b>	<b>28,928</b>
<b>Return on capital %</b>	<b>7.5%</b>	<b>4.3%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

## Central Coast Council

## Income Statement – Leisure Centres

for the year ended 30 June 2021

	2021 Category 1	2020 Category 1
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
User charges	6,450	5,246
Other income	467	383
<b>Total income from continuing operations</b>	<b>6,917</b>	<b>5,629</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,470	5,922
Materials and services	3,419	3,568
Depreciation, amortisation and impairment	1,485	1,256
Loss on sale of assets	–	653
Calculated taxation equivalents	506	412
Other expenses	–	2
<b>Total expenses from continuing operations</b>	<b>11,880</b>	<b>11,813</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(4,963)</b>	<b>(6,184)</b>
Grants and contributions provided for capital purposes	570	263
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(4,393)</b>	<b>(5,921)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(4,393)</b>	<b>(5,921)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(4,393)</b>	<b>(5,921)</b>
<b>Opening accumulated surplus</b>	<b>38,372</b>	<b>40,686</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	506	412
– Subsidy payable/contribution to operations by Council	7,173	3,195
<b>Closing accumulated surplus</b>	<b>41,658</b>	<b>38,372</b>
<b>Return on capital %</b>	<b>(10.2)%</b>	<b>(13.6)%</b>
<b>Subsidy from Council</b>	<b>5,685</b>	<b>6,589</b>

## Central Coast Council

Income Statement – Child Care  
for the year ended 30 June 2021

	2021 Category 1	2020 Category 1
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
User charges	6,952	5,188
Grants and contributions provided for non-capital purposes	930	2,130
Other income	11	–
<b>Total income from continuing operations</b>	<b>7,893</b>	<b>7,318</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,873	6,686
Borrowing costs	13	13
Materials and services	2,275	2,227
Depreciation, amortisation and impairment	158	66
Calculated taxation equivalents	350	381
Other expenses	–	(10)
<b>Total expenses from continuing operations</b>	<b>9,669</b>	<b>9,363</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,776)</b>	<b>(2,045)</b>
Grants and contributions provided for capital purposes	81	32
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,695)</b>	<b>(2,013)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,695)</b>	<b>(2,013)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,695)</b>	<b>(2,013)</b>
<b>Opening accumulated surplus</b>	<b>(828)</b>	<b>(617)</b>
Plus/less: other adjustments (prior year subsidy payable by Council)	–	–
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	350	381
– Subsidy payable/contribution to operations by Council	8,744	1,422
<b>Closing accumulated surplus</b>	<b>6,571</b>	<b>(827)</b>
<b>Return on capital %</b>	<b>(22.1)%</b>	<b>(259.5)%</b>
<b>Subsidy from Council</b>	<b>1,882</b>	<b>2,040</b>



## Central Coast Council

Income Statement – Commercial Waste  
for the year ended 30 June 2021

	2021 Category 1	2020 Category 1
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
Access charges	4,090	4,055
Interest	2	3
<b>Total income from continuing operations</b>	<b>4,092</b>	<b>4,058</b>
<b>Expenses from continuing operations</b>		
Materials and services	2,321	1,947
Other expenses	2,834	2,153
<b>Total expenses from continuing operations</b>	<b>5,155</b>	<b>4,100</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,063)</b>	<b>(42)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,063)</b>	<b>(42)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,063)</b>	<b>(42)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,063)</b>	<b>(42)</b>
<b>Opening accumulated surplus</b>	<b>549</b>	<b>(243)</b>
<b>Adjustments for amounts unpaid:</b>		
– Subsidy paid/contribution to operations	975	834
<b>Closing accumulated surplus</b>	<b>461</b>	<b>549</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>1,063</b>	<b>42</b>

## Central Coast Council

Income Statement – Building Certification  
for the year ended 30 June 2021

	2021 Category 2	2020 Category 2
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
Fees	1,960	1,263
Other income	7	10
<b>Total income from continuing operations</b>	<b>1,967</b>	<b>1,273</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,481	3,013
Materials and services	1,153	1,236
Calculated taxation equivalents	99	24
Other expenses	–	(5)
<b>Total expenses from continuing operations</b>	<b>4,733</b>	<b>4,268</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,766)</b>	<b>(2,995)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,766)</b>	<b>(2,995)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,766)</b>	<b>(2,995)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,766)</b>	<b>(2,995)</b>
<b>Opening accumulated surplus</b>	<b>(1,375)</b>	<b>(611)</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	99	24
– Subsidy payable/contribution to operations by Council	2,760	2,207
<b>Closing accumulated surplus</b>	<b>(1,282)</b>	<b>(1,375)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>2,766</b>	<b>2,995</b>

## Central Coast Council

## Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	65	7,378
Investments	1,232	16,027
Receivables	20,673	26,470
Other	112	—
<b>Total current assets</b>	<b>22,082</b>	<b>49,875</b>
<b>Non-current assets</b>		
Investments	547	11,713
Receivables	230	275
Infrastructure, property, plant and equipment	1,146,300	1,139,183
<b>Total non-current assets</b>	<b>1,147,077</b>	<b>1,151,171</b>
<b>Total assets</b>	<b>1,169,159</b>	<b>1,201,046</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	2,300	2,596
Provisions	481	649
Payables	4,487	9,262
Income received in advance	4,888	4,241
Borrowings	18,309	30,351
Employee benefit provisions	4,582	4,945
<b>Total current liabilities</b>	<b>35,047</b>	<b>52,044</b>
<b>Non-current liabilities</b>		
Provisions	851	917
Borrowings	137,345	136,675
Employee benefit provisions	189	237
<b>Total non-current liabilities</b>	<b>138,385</b>	<b>137,829</b>
<b>Total liabilities</b>	<b>173,432</b>	<b>189,873</b>
<b>Net assets</b>	<b>995,727</b>	<b>1,011,173</b>
<b>EQUITY</b>		
Accumulated surplus	942,898	948,814
Revaluation reserves	52,829	62,359
<b>Total equity</b>	<b>995,727</b>	<b>1,011,173</b>

## Central Coast Council

### Statement of Financial Position of sewerage business activity as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	9,301	44,781
Investments	51,059	92,584
Receivables	9,544	15,503
Other	110	—
<b>Total current assets</b>	<b>70,014</b>	<b>152,868</b>
<b>Non-current assets</b>		
Investments	78,734	4,512
Receivables	10,453	11,065
Infrastructure, property, plant and equipment	1,362,875	1,492,019
<b>Total non-current assets</b>	<b>1,452,062</b>	<b>1,507,596</b>
<b>Total assets</b>	<b>1,522,076</b>	<b>1,660,464</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	—	153
Provisions	1,080	766
Payables	2,452	3,119
Income received in advance	73	96
Borrowings	10,259	6,333
Employee benefit provisions	4,237	4,385
<b>Total current liabilities</b>	<b>18,101</b>	<b>14,852</b>
<b>Non-current liabilities</b>		
Provisions	1,380	1,511
Income received in advance	1,005	1,074
Borrowings	37,879	61,944
Employee benefit provisions	187	141
<b>Total non-current liabilities</b>	<b>40,451</b>	<b>64,670</b>
<b>Total liabilities</b>	<b>58,552</b>	<b>79,522</b>
<b>Net assets</b>	<b>1,463,524</b>	<b>1,580,942</b>
<b>EQUITY</b>		
Accumulated surplus	1,458,106	1,492,793
Revaluation reserves	5,418	88,149
<b>Total equity</b>	<b>1,463,524</b>	<b>1,580,942</b>

## Central Coast Council

Statement of Financial Position – Drainage  
as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	11	1
Investments	61	3
Receivables	1,613	2,744
<b>Total current assets</b>	<b>1,685</b>	<b>2,748</b>
<b>Non-current assets</b>		
Investments	95	154
Receivables	1	1
Infrastructure, property, plant and equipment	1,116,972	1,054,123
Intangible assets	1,703	1,703
<b>Total non-current assets</b>	<b>1,118,771</b>	<b>1,055,981</b>
<b>Total assets</b>	<b>1,120,456</b>	<b>1,058,729</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	109	973
Payables	891	1,574
Borrowings	28,331	25,177
Employee benefit provisions	74	275
Provisions	–	15
<b>Total current liabilities</b>	<b>29,405</b>	<b>28,014</b>
<b>Non-current liabilities</b>		
Income received in advance	1,260	1,393
Borrowings	8,118	7,567
Employee benefit provisions	4	2
<b>Total non-current liabilities</b>	<b>9,382</b>	<b>8,962</b>
<b>Total liabilities</b>	<b>38,787</b>	<b>36,976</b>
<b>NET ASSETS</b>	<b>1,081,669</b>	<b>1,021,753</b>
<b>EQUITY</b>		
Accumulated surplus	1,024,787	1,021,235
Revaluation reserves	56,882	518
<b>Total equity</b>	<b>1,081,669</b>	<b>1,021,753</b>

## Central Coast Council

### Statement of Financial Position – Holiday Parks

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	14,604	11,429
Receivables	162	266
<b>Total current assets</b>	<b>14,766</b>	<b>11,695</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	20,036	19,506
<b>Total non-current assets</b>	<b>20,036</b>	<b>19,506</b>
<b>Total assets</b>	<b>34,802</b>	<b>31,201</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	713	856
Income received in advance	1,723	1,395
Employee benefit provisions	38	22
<b>Total current liabilities</b>	<b>2,474</b>	<b>2,273</b>
<b>Non-current liabilities</b>		
Employee benefits provisions	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>2,474</b>	<b>2,273</b>
<b>NET ASSETS</b>	<b>32,328</b>	<b>28,928</b>
<b>EQUITY</b>		
Accumulated surplus	32,328	28,928
<b>Total equity</b>	<b>32,328</b>	<b>28,928</b>

## Central Coast Council

## Statement of Financial Position – Leisure Centres

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	–	4
Receivables	24	35
<b>Total current assets</b>	<b>24</b>	<b>39</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	48,473	45,456
<b>Total non-current assets</b>	<b>48,473</b>	<b>45,456</b>
<b>Total assets</b>	<b>48,497</b>	<b>45,495</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	37	–
Payables	191	769
Employee benefit provisions	1,061	818
<b>Total current liabilities</b>	<b>1,289</b>	<b>1,587</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	62	48
<b>Total non-current liabilities</b>	<b>62</b>	<b>48</b>
<b>Total liabilities</b>	<b>1,351</b>	<b>1,635</b>
<b>NET ASSETS</b>	<b>47,146</b>	<b>43,860</b>
<b>EQUITY</b>		
Accumulated surplus	41,658	38,372
Revaluation reserves	5,488	5,488
<b>Total equity</b>	<b>47,146</b>	<b>43,860</b>

## Central Coast Council

## Statement of Financial Position – Child Care

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	171	8
<b>Total current assets</b>	<b>171</b>	<b>8</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	7,986	783
<b>Total non-current assets</b>	<b>7,986</b>	<b>783</b>
<b>Total assets</b>	<b>8,157</b>	<b>791</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	153	61
Payables	223	246
Income received in advance	–	158
Employee benefit provisions	1,142	1,096
<b>Total current liabilities</b>	<b>1,518</b>	<b>1,561</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	68	58
<b>Total non-current liabilities</b>	<b>68</b>	<b>58</b>
<b>Total liabilities</b>	<b>1,586</b>	<b>1,619</b>
<b>NET ASSETS</b>	<b>6,571</b>	<b>(828)</b>
<b>EQUITY</b>		
Accumulated surplus	6,571	(828)
<b>Total equity</b>	<b>6,571</b>	<b>(828)</b>



## Central Coast Council

## Statement of Financial Position – Commercial Waste

as at 30 June 2021

	2021 Category 1	2020 Category 1
<b>\$ '000</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	690	766
<b>Total current assets</b>	<b>690</b>	<b>766</b>
<b>Non-current assets</b>		
Receivables	–	2
<b>Total non-current assets</b>	<b>–</b>	<b>2</b>
<b>Total assets</b>	<b>690</b>	<b>768</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	220	210
Income received in advance	9	9
<b>Total current liabilities</b>	<b>229</b>	<b>219</b>
<b>Non-current liabilities</b>		
Payables	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>229</b>	<b>219</b>
<b>NET ASSETS</b>	<b>461</b>	<b>549</b>
<b>EQUITY</b>		
Accumulated surplus	461	549
<b>Total equity</b>	<b>461</b>	<b>549</b>

## Central Coast Council

## Statement of Financial Position – Building Certification

as at 30 June 2021

	2021 Category 2	2020 Category 2
<b>\$ '000</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	—	—
<b>Total current assets</b>	<b>—</b>	<b>—</b>
<b>Non-current assets</b>		
Investments	—	—
<b>Total non-current assets</b>	<b>—</b>	<b>—</b>
<b>Total assets</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	1,242	1,339
<b>Total current liabilities</b>	<b>1,242</b>	<b>1,339</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	40	36
<b>Total non-current liabilities</b>	<b>40</b>	<b>36</b>
<b>Total liabilities</b>	<b>1,282</b>	<b>1,375</b>
<b>NET ASSETS</b>	<b>(1,282)</b>	<b>(1,375)</b>
<b>EQUITY</b>		
Accumulated surplus	(1,282)	(1,375)
<b>Total equity</b>	<b>(1,282)</b>	<b>(1,375)</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. Water supplies

Water catchment, treatment and supply.

##### b. Sewerage services

Sewerage collection, treatment and disposal.

##### c. Stormwater drainage services

Provide and maintain stormwater drainage services.

##### d. Commercial waste management

Collection and disposal of commercial waste.

##### e. Care and Education

Provision of child care services.

##### f. Holiday Parks

Provision of holiday parks.

##### g. Leisure Centres

Provision of leisure centres.

#### Category 2

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

##### a. Building Certification

continued on next page ...

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## Note – Significant Accounting Policies (continued)

Provision of building certification services.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – **26%** (19/20 27.5%)

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

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

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities. The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act. Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

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 the '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. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

continued on next page ...

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**Note – Significant Accounting Policies (continued)**

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.

**(iii) Dividends**

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

A local government water supply and sewerage businesses is permitted to pay annual dividends from their water supply or sewerage business surpluses.

Each dividend must be calculated and approved in accordance with the DPIE - Water guidelines and must not exceed:

- 50% of the relevant surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

**End of Audited Special Purpose Financial Statements.**

**Central Coast Council****Special Purpose Financial Statements**  
for the year ended 30 June 2021

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Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

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## Central Coast Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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*A vibrant and sustainable Central Coast*



## Central Coast Council

### Special Schedules

for the year ended 30 June 2021

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<b>Special Schedules:</b>	
Permissible income for general rates (Merger Councils)	3
Report on infrastructure assets as at 30 June 2021	4

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## Central Coast Council

### Permissible income for general rates

\$ '000	Notes	2020/21 Wyong Shire Council	2020/21 Gosford City Council	2020/21 Central Coast Council	2021/22 Central Coast Council
<b>Notional general income calculation <sup>1</sup></b>					
Last year notional general income yield	a	90,498	80,006	170,504	175,459
Plus or minus adjustments <sup>2</sup>	b	333	105	438	474
<b>Notional general income</b>	<b>c = a + b</b>	<b>90,831</b>	<b>80,111</b>	<b>170,942</b>	<b>175,933</b>
<b>Permissible income calculation</b>					
Special variation percentage	d	0.00%	0.00%		13.00%
Rate peg percentage	e	2.60%	2.60%		2.00%
Plus special variation amount	$h = d \times (c + g)$	—	—	—	22,871
Plus rate peg amount	$i = e \times (c + g)$	2,362	2,083	4,445	3,519
<b>Sub-total</b>	<b>k = (c + g + i + j)</b>	<b>93,193</b>	<b>82,194</b>	<b>175,387</b>	<b>202,323</b>
Plus (or minus) last year's carry forward total	l	382	841	1,223	480
Less valuation objections claimed in the previous year	m	—	—	—	(9)
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>382</b>	<b>841</b>	<b>1,223</b>	<b>471</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>93,575</b>	<b>83,035</b>	<b>176,610</b>	<b>202,794</b>
Less notional general income yield	p	93,056	82,403	175,459	202,333
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>518</b>	<b>632</b>	<b>1,150</b>	<b>461</b>
Plus income lost due to valuation objections claimed	r	9	—	9	1,378
Less unused catch-up <sup>4</sup>	s	(168)	(511)	(679)	(445)
<b>Carry forward to next year <sup>5</sup></b>	<b>t = q + r + s</b>	<b>359</b>	<b>121</b>	<b>480</b>	<b>1,394</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.
- (4) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (5) 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.

## Central Coast Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Buildings	1,180	1,180	17,092	7,918	468,321	813,905	29.1%	37.4%	32.8%	0.7%	0.0%
	<b>Sub-total</b>	<b>1,180</b>	<b>1,180</b>	<b>17,092</b>	<b>7,918</b>	<b>446,406</b>	<b>813,905</b>	<b>29.1%</b>	<b>37.4%</b>	<b>32.8%</b>	<b>0.7%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	244	244	731	98	34,806	48,724	64.3%	18.1%	15.2%	2.1%	0.3%
	<b>Sub-total</b>	<b>244</b>	<b>244</b>	<b>731</b>	<b>98</b>	<b>34,806</b>	<b>48,724</b>	<b>64.3%</b>	<b>18.1%</b>	<b>15.2%</b>	<b>2.1%</b>	<b>0.3%</b>
<b>Roads</b>	Sealed roads	33,169	33,169	9,282	8,830	1,002,223	1,347,775	54.2%	27.6%	14.2%	2.5%	1.5%
	Unsealed roads	—	—	158	151	22,077	31,694	47.4%	42.9%	9.7%	0.0%	0.0%
	Bridges	2,618	2,618	1,240	1,180	37,903	62,004	9.5%	45.1%	37.4%	7.4%	0.6%
	Footpaths	3,876	3,876	4,533	4,312	136,247	226,667	10.8%	32.0%	53.9%	3.1%	0.2%
	Other road assets	7,098	7,098	3,984	3,790	403,572	663,986	8.3%	16.8%	72.9%	1.9%	0.1%
	Bulk earthworks	—	—	—	—	349,351	349,351	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>46,761</b>	<b>46,761</b>	<b>19,197</b>	<b>18,263</b>	<b>1,962,866</b>	<b>2,681,477</b>	<b>44.0%</b>	<b>22.3%</b>	<b>30.7%</b>	<b>2.2%</b>	<b>0.8%</b>
<b>Water supply network</b>	Water supply network	70,146	70,146	22,992	16,373	1,044,231	1,887,686	6.6%	43.3%	30.8%	19.3%	0.0%
	<b>Sub-total</b>	<b>70,146</b>	<b>70,146</b>	<b>22,992</b>	<b>16,373</b>	<b>1,034,527</b>	<b>1,887,686</b>	<b>6.6%</b>	<b>43.3%</b>	<b>30.8%</b>	<b>19.3%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	23,749	23,749	14,672	21,364	1,421,091	2,386,464	11.3%	64.7%	18.3%	5.5%	0.2%
	<b>Sub-total</b>	<b>23,749</b>	<b>23,749</b>	<b>14,672</b>	<b>21,364</b>	<b>1,310,106</b>	<b>2,386,464</b>	<b>11.3%</b>	<b>64.7%</b>	<b>18.3%</b>	<b>5.5%</b>	<b>0.2%</b>
<b>Stormwater drainage</b>	Stormwater drainage	22,520	22,520	8,870	3,561	1,092,202	1,556,754	24.1%	31.7%	42.3%	0.5%	1.4%
	<b>Sub-total</b>	<b>22,520</b>	<b>22,520</b>	<b>8,870</b>	<b>3,561</b>	<b>1,092,202</b>	<b>1,556,754</b>	<b>24.1%</b>	<b>31.7%</b>	<b>42.3%</b>	<b>0.5%</b>	<b>1.4%</b>
<b>Open space / recreational assets</b>	Swimming pools	—	—	341	1,182	4,922	11,373	100.0%	0.0%	0.0%	0.0%	0.0%
	Open Space/Recreational Assets	967	967	2,098	2,633	92,168	139,839	58.1%	26.7%	11.4%	3.6%	0.2%
	<b>Sub-total</b>	<b>967</b>	<b>967</b>	<b>2,439</b>	<b>3,815</b>	<b>97,090</b>	<b>151,212</b>	<b>61.3%</b>	<b>24.7%</b>	<b>10.5%</b>	<b>3.3%</b>	<b>0.2%</b>
<b>Other infrastructure assets</b>	Other	1,025	1,025	638	91	26,841	42,520	42.3%	27.1%	18.7%	11.1%	0.8%
	<b>Sub-total</b>	<b>1,025</b>	<b>1,025</b>	<b>638</b>	<b>91</b>	<b>26,841</b>	<b>42,520</b>	<b>42.3%</b>	<b>27.1%</b>	<b>18.7%</b>	<b>11.1%</b>	<b>0.8%</b>
<b>Total – all assets</b>		<b>166,592</b>	<b>166,592</b>	<b>86,631</b>	<b>71,483</b>	<b>6,004,844</b>	<b>9,568,742</b>	<b>24.3%</b>	<b>39.9%</b>	<b>29.2%</b>	<b>6.0%</b>	<b>0.5%</b>

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

continued on next page ...

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**Central Coast Council****Report on infrastructure assets as at 30 June 2021 (continued)****Infrastructure asset condition assessment 'key'**

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

## Central Coast Council

## Report on infrastructure assets as at 30 June 2021

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020	Indicators 2019	Benchmark
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	167,916	103.20%	156.69%	132.57%	>=100.00%
Depreciation, amortisation and impairment	162,711				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	166,592	2.70%	3.30%	2.41%	<2.00%
Net carrying amount of infrastructure assets	6,159,094				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	71,483	82.51%	110.49%	94.81%	>100.00%
Required asset maintenance	86,631				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	166,592	1.74%	2.19%	1.56%	
Gross replacement cost	9,568,742				

(\*) 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.

## Central Coast 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 103.20%

Council is maintaining its buildings and infrastructure renewals program. A ratio greater than 1:1 indicates that the amount spent on asset renewals exceeds the amount of depreciation. This ratio was adversely impacted by revaluation decrement of sewerage assets in 2020-2021 (\$29.0M).

Benchmark: —  $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 82.51%

Performance of this ratio fell in 2020-2021 due to the financial situation faced by Council. Council remains committed to maintaining its infrastructure assets at appropriate levels and the result in this ratio should improve in the future.

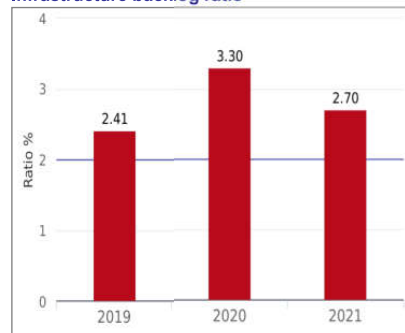
Benchmark: —  $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2.70%

Council achieved a backlog ratio of 2.70 at the end of the 2020-2021 financial year, which is a decrease from the prior financial year. This is mainly due to reassessment of asset conditions as part of asset revaluations completed during the year. Council will continue to prioritise delivery and maintenance of assets at affordable and satisfactory standards.

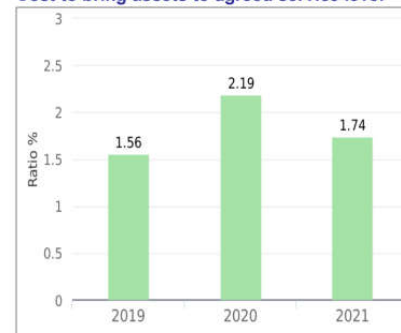
Benchmark: —  $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Cost to bring assets to agreed service level



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 1.74%

This is the estimated cost to return those assets currently rated as less than excellent condition to an excellent condition. As Council has yet not completed community consultation to determine the agreed service levels, this estimate is equal to the cost to bring to satisfactory.

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## Central Coast Council - Water Supply Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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**Central Coast Council - Water Supply Authority****General Purpose Financial Statements**

for the year ended 30 June 2021

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**Overview**

Central Coast Council Water Supply Authority has its principal place of business at :

2 Hely Sreet, Wyong NSW 2259  
 49 Mann Street, Gosford NSW 2250

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All media releases, financial statements and other information are publicly available on our website : [www.centralcoast.nsw.gov.au](http://www.centralcoast.nsw.gov.au)

## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Interim Administrator and Management made pursuant to Section 45 of the Government Sector Audit Act 1983

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

- section 45 of the *Government Sector Audit Act 1983* and the Public Finance and Audit Regulation 2015,
- the Australian Accounting Standards and professional pronouncements

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

- present fairly the Central Coast Council Water Supply Authority's operating result and financial position for the year
- accord with Central Coast Council Water Supply Authority'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 29 October 2021.

Rik Hart  
Interim Administrator  
29 October 2021

David Farmer  
Chief Executive Officer  
29 October 2021

Natalia Cowley  
Responsible Accounting Officer  
29 October 2021



## Central Coast Council - Water Supply Authority

### 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>				
84,957	Rates and annual charges	B1-1	81,825	78,370
80,212	User charges and fees	B1-2	76,942	77,507
109	Other revenue	B1-3	66	179
357	Grants and contributions provided for operating purposes	B1-4	708	593
27,363	Grants and contributions provided for capital purposes	B1-4	24,630	16,765
4,712	Interest and investment income	B1-5	2,125	4,370
197,710	<b>Total income from continuing operations</b>		<b>186,296</b>	<b>177,784</b>
<b>Expenses from continuing operations</b>				
31,895	Employee benefits and on-costs	B2-1	36,218	37,267
60,039	Materials and services	B2-2	69,668	75,441
13,091	Borrowing costs	B2-3	14,439	15,302
76,159	Depreciation, amortisation and impairment for non-financial assets	B2-4	100,565	78,675
–	Other expenses	B2-5	3	64
–	Net losses from the disposal of assets	B3-1	2,413	2,559
181,184	<b>Total expenses from continuing operations</b>		<b>223,306</b>	<b>209,308</b>
16,526	<b>Net operating result for the year attributable to Central Coast Council Water Supply Authority</b>		<b>(37,010)</b>	<b>(31,524)</b>
(10,836)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(61,640)</b>	<b>(48,289)</b>

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

**Attachment 4****Draft 2020-2021 Water Supply Authority Financial Reports**

Central Coast Council - Water Supply Authority - Statement of Comprehensive Income - for the year ended 30 June 2021

## Central Coast Council - Water Supply Authority

### 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>(37,010)</b>	<b>(31,524)</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<b>(35,934)</b>	24,459
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(35,934)</b>	24,459
<b>Total comprehensive income for the year attributable to Central Coast Council Water Supply Authority</b>		<b>(72,944)</b>	<b>(7,065)</b>

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

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## Central Coast Council - Water Supply Authority

## 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	9,377	52,160
Investments	C1-2	52,352	108,614
Receivables	C1-4	31,435	44,181
Other		222	161
<b>Total current assets</b>		<b>93,386</b>	<b>205,116</b>
<b>Non-current assets</b>			
Investments	C1-2	79,376	16,377
Receivables	C1-4	3,067	3,328
Infrastructure, property, plant and equipment	C1-5	3,626,149	3,685,329
Intangible Assets	C1-6	1,703	1,703
<b>Total non-current assets</b>		<b>3,710,295</b>	<b>3,706,737</b>
<b>Total assets</b>		<b>3,803,681</b>	<b>3,911,853</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	12,714	18,215
Income received in advance	C2-1	71	76
Contract liabilities	C2-2	2,409	3,721
Borrowings	C2-3	56,503	61,486
Employee benefit provisions	C2-4	8,713	9,496
Provisions	C2-5	1,759	1,538
<b>Total current liabilities</b>		<b>82,169</b>	<b>94,532</b>
<b>Non-current liabilities</b>			
Income received in advance	C2-1	2,266	2,467
Borrowings	C2-3	175,725	198,173
Employee benefit provisions	C2-4	379	380
Provisions	C2-5	2,214	2,429
<b>Total non-current liabilities</b>		<b>180,584</b>	<b>203,449</b>
<b>Total liabilities</b>		<b>262,753</b>	<b>297,981</b>
<b>Net assets</b>		<b>3,540,928</b>	<b>3,613,872</b>
<b>EQUITY</b>			
Accumulated surplus	C3-1	3,425,836	3,462,846
IPPE revaluation reserve	C3-1	115,092	151,026
<b>Equity interest</b>		<b>3,540,928</b>	<b>3,613,872</b>
<b>Total equity</b>		<b>3,540,928</b>	<b>3,613,872</b>

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

## Central Coast Council - Water Supply Authority

## Statement of Changes in Equity

for the year ended 30 June 2021

	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
<b>\$ '000</b>							
Opening balance at 1 July		3,462,846	151,026	3,613,872	3,496,873	126,567	3,623,440
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(2,503)	-	(2,503)
<b>Restated opening balance</b>		<b>3,462,846</b>	<b>151,026</b>	<b>3,613,872</b>	<b>3,494,370</b>	<b>126,567</b>	<b>3,620,937</b>
Net operating result for the year		(37,010)	-	(37,010)	(31,524)	-	(31,524)
<b>Restated net operating result for the period</b>		<b>(37,010)</b>	<b>-</b>	<b>(37,010)</b>	<b>(31,524)</b>	<b>-</b>	<b>(31,524)</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	-	(35,934)	(35,934)	-	24,459	24,459
<b>Other comprehensive income</b>		<b>-</b>	<b>(35,934)</b>	<b>(35,934)</b>	<b>-</b>	<b>24,459</b>	<b>24,459</b>
<b>Total comprehensive income</b>		<b>(37,010)</b>	<b>(35,934)</b>	<b>(72,944)</b>	<b>(31,524)</b>	<b>24,459</b>	<b>(7,065)</b>
<b>Closing balance at 30 June</b>		<b>3,425,836</b>	<b>115,092</b>	<b>3,540,928</b>	<b>3,462,846</b>	<b>151,026</b>	<b>3,613,872</b>

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

## Central Coast Council - Water Supply Authority

### 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>				
<b>Receipts:</b>				
84,207	Rates and annual charges		82,460	78,986
79,954	User charges and fees		82,352	73,217
7,476	Investment and interest revenue received		1,115	4,451
28,115	Grants and contributions		14,095	14,246
—	Bonds, deposits and retention amounts received		—	13
346	Other		7,107	—
<b>Payments:</b>				
(32,350)	Employee benefits and on-costs		(36,982)	(36,955)
(56,991)	Materials and services		(69,730)	(23,793)
(14,903)	Borrowing costs		(14,439)	(15,302)
—	Bonds, deposits and retention amounts refunded		(3)	—
(1,797)	Other		(6,140)	(72,947)
94,057	<b>Net cash flows from operating activities</b>	F1-1a	<b>59,835</b>	<b>21,916</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
54,025	Sale of investment securities		10,790	131,307
374	Deferred debtors receipts		—	—
<b>Payments:</b>				
—	Purchase of investment securities		(17,525)	(73,322)
(90,844)	Purchase of infrastructure, property, plant and equipment		(69,801)	(61,012)
(36,445)	<b>Net cash flows from investing activities</b>		<b>(76,536)</b>	<b>(3,027)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
10,000	Proceeds from borrowings		19,809	39,453
<b>Payments:</b>				
(38,980)	Repayment of borrowings		(45,891)	(18,970)
(28,980)	<b>Net cash flows from financing activities</b>		<b>(26,082)</b>	<b>20,483</b>
28,632	<b>Net change in cash and cash equivalents</b>		<b>(42,783)</b>	<b>39,372</b>
29,573	Plus: cash and cash equivalents – beginning of period		52,160	12,788
58,205	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>9,377</b>	<b>52,160</b>
142,566	plus: Investments on hand at end of year	C1-2	131,728	124,991
200,771	<b>Total cash, cash equivalents and investments</b>		<b>141,105</b>	<b>177,151</b>

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

## Central Coast Council - Water Supply Authority

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## Central Coast Council - Water Supply Authority

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## **A About Council and these financial statements**

### **A1-1 Basis of preparation**

These financial statements were authorised for issue by Central Coast Council Water Supply Authority (CCCWSA) on 29 October 2021.

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 and the *Public Finance and Audit Act 1983*.

Central Coast Council, within its overall statutory responsibilities, is a statutory authority for water supply and related purposes, under the *Water Management Act 2000*. CCCWSA controls resources to carry out water supply, sewerage, stormwater drainage and ancillary activities within Central Coast Council local government area and these functions have been consolidated in these financial statements.

CCCWSA is a not for profit entity.

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

#### **Historical cost convention**

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

#### **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 CCCWSA'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 CCCWSA and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

CCCWSA 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 Note D2
- (ii) employee benefit provisions – refer Note C2-4

#### **Significant judgements in applying the Central Coast Council Water Supply Authority'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 B1-2 – B1-4.

#### **COVID-19 Impact**

The COVID-19 pandemic continues to impact the community where CCCWSA operates. This pandemic has had a financial impact for CCCWSA in the financial year ended 30 June 2020 which has impacted the comparability of some line items and amounts reported in this financial report.

COVID-19 has caused disruption to CCCWSA's business practices with a number of staff working remotely from home away from the main administration buildings and other CCCWSA facilities. Whilst this has caused some inconvenience it has not resulted in significant additional cost.

The impact on CCCWSA's financial performance and financial position was restricted to a decrease in developer contributions.

Additional costs (although not material), in conjunction with public health activities (e.g. cleaning, inventory purchases and other health and safety initiatives) have also been incurred.

continued on next page ...

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## A1-1 Basis of preparation (continued)

The financial difficulty experienced by many ratepayers led to a higher than normal level of outstanding collections for the financial year.

No material changes have been noted in asset values.

### Going Concern

The Financial Statements have been prepared on a going concern basis, which assumes CCCWSA will be able to meet its debts and other financial obligations as they fall due.

Since disclosing Council's serious financial situation on 6 October 2020, Council has achieved the following:

- Obtained \$150M in bank loans - which has returned Council to a positive unrestricted cash and investment position;
- Reduced staff numbers through an organisational restructure and redundancy program;
- Implemented strategies to reduce materials and contracts expenditure;
- Placed CCCWSA-identified underperforming assets for sale;
- Applied for a one-off 15% Special Rate Variation (SRV)

Council's forecast ten year long term financial plan is based on an expectation of receiving a one-off 15% Special Rate Variation (SRV), (13% + 2% standard rate peg) which would be applied in 2021-2022 and remaining permanently in the rate base. IPART has approved this increase for three years through to 30 June 2024 during which time Council will seek to extend the SRV to ensure its recovery program continues.

### 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.

CCCWSA's Statement of Cash Flows is not grossed up for GST.

### Volunteer services

Volunteer services are services received from individuals or other entities without charge or for consideration significantly less than the fair value of those services. These may include:

- Committees with volunteer members,
- Outdoor space volunteers, and
- Volunteers at special Council events.

Volunteer services will only be recognised when:

- such services would be purchased if they had not been donated, and
- the fair value of those services can be reliably measured.

CCCWSA has not received the benefit of volunteer services throughout the reporting period.

### Monies and other assets received by Central Coast Council Water Supply Authority

#### The Consolidated Fund

These Financial Statements represent the consolidation of Water, Sewerage and Drainage funds.

The notional cash and investment assets of CCCWSA are represented in practice by an equity interest in the general cash and investment assets of Central Coast Council as a whole and all investment assets and bank accounts are held in the name of Central Coast Council.

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

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

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

**A1-1 Basis of preparation (continued)**

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**New and amended standards adopted by Central Coast Council Water Supply Authority**

During the year CCCWSA adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

None of these Standards had a significant impact on reported position or performance.

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**B Financial Performance****B1 Sources of income****B1-1 Rates and annual charges**

\$ '000	2021	2020
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Water supply services	12,781	12,415
Sewerage services	55,250	53,343
Drainage	15,008	14,345
Other	–	14
Liquid trade waste	453	461
Less: pensioner rebates (State Government funded)	(2,099)	(2,115)
Less: pensioner rebates (CCCWSA funded)	(2,078)	(2,091)
<b>Annual charges levied</b>	<b>79,315</b>	<b>76,372</b>
Pensioner subsidies received:		
– Water	1,238	1,004
– Sewerage	1,272	994
<b>Total annual charges</b>	<b>81,825</b>	<b>78,370</b>
<b>Total rates and annual charges</b>	<b>81,825</b>	<b>78,370</b>

**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.

**B1-2 User charges and fees**

\$ '000	2021	2020
<b>User charges</b>		
Water supply services	55,629	57,351
Sewerage services	16,214	15,468
Liquid trade waste	2,104	2,212
<b>Total specific user charges</b>	<b>73,947</b>	<b>75,031</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building services – other	336	209
Inspection services	94	243
Regulatory/ statutory fees	312	241
Registration fees	5	7
<b>Total fees and charges – statutory/regulatory</b>	<b>747</b>	<b>700</b>

**B1-2 User charges and fees (continued)**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Water connection fees	1,062	1,008
Sewer connection fees	587	350
Sewer diagrams	379	275
Special water meter reading fees	32	18
Water carters licence fees	79	51
Other	109	74
<b>Total fees and charges – other</b>	<b>2,248</b>	<b>1,776</b>

**Total user charges and fees**

<b>76,942</b>	<b>77,507</b>
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**Timing of revenue recognition for user charges and fees**

User charges and fees recognised at a point in time	76,942	77,507
<b>Total user charges and fees</b>	<b>76,942</b>	<b>77,507</b>

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

Where an upfront fee is charged such as joining fees, the fee is recognised on a straight-line basis over the expected life to which the fee relates.

Licences granted by CCCWSA 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.

**B1-3 Other revenue**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Insurance claims recoveries	7	–
Sales – general	25	73
Property rents	–	25
Other supply/ services	34	81
<b>Total other revenue</b>	<b>66</b>	<b>179</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised at a point in time	66	179
<b>Total other revenue</b>	<b>66</b>	<b>179</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.

**B1-4 Grants and contributions**

<b>\$ '000</b>	<b>Operating 2021</b>	<b>Operating 2020</b>	<b>Capital 2021</b>	<b>Capital 2020</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Drainage / environment	-	-	505	599
Environmental programs	207	127	97	-
LIRS subsidy	387	446	-	-
Water / sewer infrastructure	-	-	5,816	2,788
Other specific grants	13	20	-	-
Sewerage (excl. section 64 contributions)	-	-	200	132
Water supplies (excl. section 64 contributions)	-	-	134	73
Other contributions	101	-	14	98
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>708</b>	<b>593</b>	<b>6,766</b>	<b>3,690</b>
<b>Non-cash contributions</b>				
Other	-	-	9,931	4,330
<b>Total other contributions – non-cash</b>	<b>-</b>	<b>-</b>	<b>9,931</b>	<b>4,330</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>708</b>	<b>593</b>	<b>16,697</b>	<b>8,020</b>
<b>Total grants and non-developer contributions</b>	<b>708</b>	<b>593</b>	<b>16,697</b>	<b>8,020</b>
<b>Comprising:</b>				
- Commonwealth funding	101	-	10,186	599
- State funding	607	593	6,511	2,788
- Other funding	-	-	-	4,633
	<b>708</b>	<b>593</b>	<b>16,697</b>	<b>8,020</b>
<b>Developer contributions</b>				
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>				
<b>Cash contributions</b>				
S 64 – water supply contributions	-	-	3,392	3,429
S 64 – sewerage service contributions	-	-	3,010	3,639
S 7.11 – drainage assets	-	-	1,153	1,424
<b>Total developer contributions – cash</b>	<b>-</b>	<b>-</b>	<b>7,555</b>	<b>8,492</b>
<b>Non-cash contributions</b>				
S 64 – water supply contributions	-	-	127	82
S 7.11 – stormwater contributions	-	-	251	171
<b>Total developer contributions non-cash</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>253</b>
<b>Total developer contributions</b>	<b>-</b>	<b>-</b>	<b>7,933</b>	<b>8,745</b>
<b>Total contributions</b>	<b>-</b>	<b>-</b>	<b>7,933</b>	<b>8,745</b>
<b>Total grants and contributions</b>	<b>708</b>	<b>593</b>	<b>24,630</b>	<b>16,765</b>
<b>Timing of revenue recognition for grants and contributions</b>				
Grants and contributions recognised at a point in time	708	593	24,630	16,765
<b>Total grants and contributions</b>	<b>708</b>	<b>593</b>	<b>24,630</b>	<b>16,765</b>

continued on next page ...

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## B1-4 Grants and contributions (continued)

## Unspent grants and contributions

Certain grants and contributions are obtained by CCCWSA on condition that they be spent in a specified manner:

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	72	3	3,504	2,352
<b>Add:</b> Funds received and not recognised as revenue in the current year	9	72	—	1,152
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(72)	(3)	(1,249)	—
<b>Unspent funds at 30 June</b>	<b>9</b>	<b>72</b>	<b>2,255</b>	<b>3,504</b>

Capital grant unspent and held as a restriction at year end relates to the Climate Change Fund.

## Contributions

Unspent funds at 1 July	—	—	86,099	91,245
<b>Add:</b> contributions received and not recognised as revenue in the current year	—	—	7,517	4,632
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	—	—	(34,447)	(9,778)
<b>Unspent contributions at 30 June</b>	<b>—</b>	<b>—</b>	<b>59,169</b>	<b>86,099</b>

Various developer contributions unspent and held as a restriction at year end.

## 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 but may include specific trigger events. 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 CCCWSA under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under CCCWSA'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 CCCWSA.

**B1-4 Grants and contributions (continued)****Developer contributions**

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

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

Developer contributions may only be expended for the purposes for which the contributions were required, but CCCWSA 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. CCCWSA 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.

**B1-5 Interest and investment income**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue annual charges	445	884
– Cash and investments	1,677	3,480
<b>Other</b>	3	6
<b>Total interest and investment income</b>	<b>2,125</b>	<b>4,370</b>

**Accounting policy**

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

**B2 Costs of providing services****B2-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Salaries and wages	27,322	32,037
Employee termination costs	1,676	121
Employee leave entitlements (ELE)	5,487	4,295
Superannuation	2,411	2,489
Payroll tax	2,577	2,595
Workers Compensation	343	615
<b>Total employee costs</b>	<b>39,816</b>	<b>42,152</b>
Less: capitalised costs	(3,598)	(4,885)
<b>Total employee costs expensed</b>	<b>36,218</b>	<b>37,267</b>

**Accounting policy**

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

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

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

CCCWSA 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 CCCWSA accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.



## Attachment 4

## Draft 2020-2021 Water Supply Authority Financial Reports

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2021

## B2-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		9,377	10,491
Contractor and consultancy costs		9,478	10,045
Audit Fees <sup>1</sup>	E2-1	–	12
Agency Hire		661	1,696
<b>Previously other expenses:</b>			
Administration support		28,361	28,946
Advertising		13	20
Computer software charges		631	220
Electricity and heating		9,214	8,947
Gas charges		125	91
Insurance		77	192
Licences		503	404
Plant hire		4,975	7,782
Printing and stationery		13	31
Subscriptions and publications		18	13
Telephone and communications		6	22
Tipping fees		4,407	5,773
Training costs (other than salaries and wages)		18	22
Water purchases		1,398	586
Other expenses		393	148
<b>Total materials and services</b>		<b>69,668</b>	<b>75,441</b>
<b>Total materials and services</b>		<b>69,668</b>	<b>75,441</b>

## Accounting policy

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

## B2-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on loans	14,430	15,277
Other debts	9	25
<b>Total interest bearing liability costs expensed</b>	<b>14,439</b>	<b>15,302</b>
<b>Total borrowing costs expensed</b>	<b>14,439</b>	<b>15,302</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.

## B2-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		27	41
Office equipment		32	35
Furniture and fittings		13	13
Land improvements (depreciable)		14	14
<b>Infrastructure:</b>	C1-5		
– Buildings – specialised		704	683
– Other structures		53	54
– Roads		1	1
– Stormwater drainage		14,561	15,858
– Water supply network		24,217	26,833
– Sewerage network		32,645	35,143
<b>Other assets:</b>			
– Other		5	–
<b>Total gross depreciation and amortisation costs</b>		<b>72,272</b>	<b>78,675</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-5		
– Sewerage network		28,293	–
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>28,293</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>100,565</b>	<b>78,675</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.

#### Impairment of non-financial assets

CCWSA 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.

## B2-5 Other expenses

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
Other		3	64
<b>Total impairment of receivables</b>	C1-4	<b>3</b>	<b>64</b>
<b>Total other expenses</b>		<b>3</b>	<b>64</b>

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## B2-5 Other expenses (continued)

**Accounting policy**

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

Impairment expenses are recognised when identified.

## B3 Gains or losses

## B3-1 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		–	–
Less: carrying amount of property assets sold/written off		–	(4)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(4)</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-5		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(2,413)	(2,555)
<b>Gain (or loss) on disposal</b>		<b>(2,413)</b>	<b>(2,555)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		10,790	131,307
Less: carrying amount of investments sold/redeemed/matured		(10,790)	(131,307)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(2,413)</b>	<b>(2,559)</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.

**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash-equivalent assets		
– Deposits at call	9,377	52,160
<b>Total cash and cash equivalents</b>	<b>9,377</b>	<b>52,160</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 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	–	17,715	–	2,998
NCD's, FRN's	12,019	47,670	5,890	1,591
<b>Total</b>	<b>12,019</b>	<b>65,385</b>	<b>5,890</b>	<b>4,589</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	40,333	13,991	102,724	11,788
<b>Total</b>	<b>40,333</b>	<b>13,991</b>	<b>102,724</b>	<b>11,788</b>
<b>Total financial investments</b>	<b>52,352</b>	<b>79,376</b>	<b>108,614</b>	<b>16,377</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>61,729</b>	<b>79,376</b>	<b>160,774</b>	<b>16,377</b>

**Accounting policy**

Financial instruments are recognised initially on the date that the CCCWSA 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, CCCWSA 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.

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## C1-2 Financial investments (continued)

CCCWSA'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 three months are classified as investments rather than cash and cash equivalents.

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

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

### Financial assets through profit or loss

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

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

CCCWSA's financial assets measured at fair value through profit or loss comprise investments in FRN's and NCD's in the Statement of Financial Position.

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**Attachment 4****Draft 2020-2021 Water Supply Authority Financial Reports**

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2021

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	<b>61,729</b>	<b>79,376</b>	<b>160,774</b>	<b>16,377</b>
<b>attributable to:</b>				
External restrictions	<b>25,214</b>	<b>39,193</b>	75,618	16,377
Internal restrictions	<b>1,732</b>	–	1,958	–
Unrestricted	<b>34,783</b>	<b>40,183</b>	83,198	–
	<b>61,729</b>	<b>79,376</b>	<b>160,774</b>	<b>16,377</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 – water fund	<b>1,665</b>	27,529
Developer contributions – sewer fund	<b>19,510</b>	20,032
Developer contributions – drainage	<b>34,655</b>	34,583
Developer contributions – VPA – water	<b>1,053</b>	1,045
Developer contributions – VPA – sewer	<b>495</b>	491
Developer contributions - VPA - drainage	<b>1,369</b>	1,359
Specific purpose unexpended grants (recognised as revenue) – water fund	<b>2,255</b>	2,550
Specific purpose unexpended grants (recognised as revenue) – sewer fund	–	153
Specific purpose unexpended grants (recognised as revenue) – drainage fund	<b>9</b>	873
Water fund	<b>45</b>	45
Drainage	<b>100</b>	100
Self insurance – sewer	<b>2,164</b>	2,027
Self insurance – water	<b>1,087</b>	1,208
<b>External restrictions</b>	<b>64,407</b>	<b>91,995</b>
<b>Total external restrictions</b>	<b>64,407</b>	<b>91,995</b>

**Internal restrictions**

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

Employee leave entitlement – water	<b>924</b>	1,026
Employees leave entitlement – drainage	<b>794</b>	55
Employee leave entitlement – sewer	<b>14</b>	877
<b>Total internal restrictions</b>	<b>1,732</b>	<b>1,958</b>
<b>Total restrictions</b>	<b>66,139</b>	<b>93,953</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
Interest and extra charges	836	—	1,177	—
User charges and fees	7,668	2,827	13,122	3,034
Accrued revenues				
– User charges and fees	12,420	—	13,255	—
– Government grants and subsidies	2,824	—	2,182	—
– Other income accruals	—	—	36	—
Drainage annual charges	1,512	—	2,636	—
Sewerage annual charges	5,004	—	9,692	—
Water annual charges	1,068	—	2,082	—
Other debtors	157	240	60	294
<b>Total</b>	<b>31,489</b>	<b>3,067</b>	<b>44,242</b>	<b>3,328</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(6)	—	—	—
User charges and fees	—	—	(45)	—
Other debtors	(48)	—	(16)	—
<b>Total provision for impairment – receivables</b>	<b>(54)</b>	<b>—</b>	<b>(61)</b>	<b>—</b>
<b>Total net receivables</b>	<b>31,435</b>	<b>3,067</b>	<b>44,181</b>	<b>3,328</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	61	—
Movement through provision	(6)	—
+ new provisions recognised during the year	—	61
<b>Balance at the end of the year</b>	<b>55</b>	<b>61</b>

**Accounting policy**

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.

**Impairment**

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

When estimating ECL, CCCWSA 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 CCCWSA's historical experience and informed credit assessment, and including forward-looking information.

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

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

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

CCCWSA writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are beyond the applicable statute of limitations period, whichever occurs first.

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

## C1-5 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 new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	92,192	—	92,192	64,792	—	—	—	(87,932)	5,004	—	—	74,056	—	74,056
Plant and equipment	1,320	(1,126)	194	—	—	(27)	—	—	—	—	—	1,320	(1,153)	167
Office equipment	196	(149)	47	—	—	(32)	—	71	—	—	—	173	(87)	86
Furniture and fittings	866	(749)	117	—	—	(13)	—	—	—	—	—	183	(79)	104
<b>Land:</b>														
– Operational land	68,946	—	68,946	—	—	—	—	—	—	—	—	68,946	—	68,946
– Crown and Community land	12,249	—	12,249	—	—	—	—	—	—	—	161	12,410	—	12,410
Land improvements – depreciable	146	(14)	132	—	—	(14)	—	516	—	—	—	662	(28)	634
<b>Infrastructure:</b>														
– Buildings – specialised	51,689	(19,624)	32,065	—	—	(704)	—	219	—	—	—	51,909	(20,329)	31,580
– Other structures	1,716	(460)	1,256	—	—	(53)	—	—	—	—	—	1,716	(513)	1,203
– Roads	42	(21)	21	—	—	(1)	—	—	—	(20)	—	—	—	—
– Bulk earthworks (non-depreciable)	16	—	16	—	—	—	—	—	—	(16)	—	—	—	—
– Stormwater drainage	1,514,849	(484,217)	1,030,632	9,929	(34)	(14,561)	—	9,862	—	—	56,374	1,556,754	(464,552)	1,092,202
– Water supply network	1,857,037	(821,298)	1,035,739	—	(994)	(24,217)	—	33,696	7	(9,704)	—	2,076,973	(1,042,446)	1,034,527
– Sewerage network	2,346,757	(935,034)	1,411,723	—	(1,385)	(32,645)	(28,293)	43,435	—	(82,729)	—	2,196,255	(886,149)	1,310,106
<b>Other assets:</b>														
– Other	—	—	—	—	—	(5)	—	133	—	—	—	133	(5)	128
<b>Total infrastructure, property, plant and equipment</b>	<b>5,948,021</b>	<b>(2,262,692)</b>	<b>3,685,329</b>	<b>74,721</b>	<b>(2,413)</b>	<b>(72,272)</b>	<b>(28,293)</b>	<b>—</b>	<b>5,011</b>	<b>(92,469)</b>	<b>56,535</b>	<b>6,041,490</b>	<b>(2,415,341)</b>	<b>3,626,149</b>

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## C1-5 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 new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	101,799	—	101,799	65,485	—	—	(69,334)	(5,759)	—	92,192	—	92,192
Plant and equipment	1,133	(1,085)	48	—	—	(41)	187	—	—	1,320	(1,126)	194
Office equipment	609	(600)	9	—	—	(35)	72	—	—	196	(149)	47
Furniture and fittings	854	(731)	123	—	—	(13)	7	—	—	866	(749)	117
<b>Land:</b>												
— Operational land	70,793	—	70,793	—	—	—	—	(1,847)	—	68,946	—	68,946
— Crown and Community land	7,351	—	7,351	—	—	—	290	1,847	2,761	12,249	—	12,249
Land improvements – depreciable	—	—	—	—	—	(14)	146	—	—	146	(14)	132
<b>Infrastructure:</b>												
— Buildings – specialised	50,167	(18,960)	31,207	—	(4)	(683)	1,544	—	—	51,689	(19,624)	32,065
— Other structures	1,699	(406)	1,293	—	—	(54)	17	—	—	1,716	(460)	1,256
— Roads	42	(20)	22	—	—	(1)	—	—	—	42	(21)	21
— Bulk earthworks (non-depreciable)	16	—	16	—	—	—	—	—	—	16	—	16
— Stormwater drainage	1,489,091	(468,579)	1,020,512	590	(293)	(15,858)	25,681	—	—	1,514,849	(484,217)	1,030,632
— Water supply network	1,823,426	(790,130)	1,033,296	1,053	(1,004)	(26,833)	19,503	682	9,041	1,857,037	(821,298)	1,035,739
— Sewerage network	2,305,734	(895,441)	1,410,293	2,688	(1,258)	(35,143)	21,887	600	12,657	2,346,757	(935,034)	1,411,723
<b>Total infrastructure, property, plant and equipment</b>	<b>5,852,714</b>	<b>(2,175,952)</b>	<b>3,676,762</b>	<b>69,816</b>	<b>(2,559)</b>	<b>(78,675)</b>	<b>—</b>	<b>(4,477)</b>	<b>24,459</b>	<b>5,948,021</b>	<b>(2,262,692)</b>	<b>3,685,329</b>

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## C1-5 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

Land is not depreciated. Depreciation on 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>	<b>Years</b>	<b>Buildings</b>	<b>Years</b>
Office furniture	10	Buildings	6 to 167
Other plant and equipment	6		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	12 to 333	Drains	120
Bores	15 to 30	Culverts	120
Reticulation pipes	25 to 256	Flood control structures	80
<b>Transportation assets</b>			
Bridge: concrete	100		
Bridge: other	50		

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

#### Revaluation model

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

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

## C1-6 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Drainage Easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,172	4,172
Accumulated amortisation	(2,469)	(2,469)
<b>Net book value – opening balance</b>	<b>1,703</b>	<b>1,703</b>
<b>Closing values at 30 June</b>		
Gross book value	4,172	4,172
Accumulated amortisation	(2,469)	(2,469)
<b>Total drainage easements – net book value</b>	<b>1,703</b>	<b>1,703</b>

**Accounting policy****Drainage easements**

Easements (the right of access over land) are recognised as intangible assets.

Easements are determined to have indefinite lives, as there is no finite period over which their use is fully consumed. They convey a right to CCCWSA to enable it to gain access to its infrastructure assets over an indefinite period of time. Unlike the infrastructure assets themselves, which are consumed over a finite period and undergo replacement to enable continuity of service, an easement can exist continuously throughout this period and beyond, and thus may never need to be released. Easements are only derecognised when a management decision has been made to relocate the relevant infrastructure asset and the need for the easement no longer exists. Since easements are viewed as having an indefinite life, they are not amortised, however, they are tested for impairment.

**C2 Liabilities of Council****C2-1 Payables**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Prepaid annual charges	4,891	—	4,262	—
Goods and services – operating expenditure	3,855	—	3,917	—
Accrued expenses:				
– Salaries and wages	20	—	—	—
– Other expenditure accruals	3,663	—	9,748	—
Security bonds, deposits and retentions	285	—	288	—
<b>Total payables</b>	<b>12,714</b>	<b>—</b>	<b>18,215</b>	<b>—</b>
<b>Income received in advance</b>				
Payments received in advance	71	500	76	569
Other	—	1,766	—	1,898
<b>Total income received in advance</b>	<b>71</b>	<b>2,266</b>	<b>76</b>	<b>2,467</b>
<b>Total payables</b>	<b>12,785</b>	<b>2,266</b>	<b>18,291</b>	<b>2,467</b>

**Current payables not expected to be settled within the next twelve months**

\$ '000	2021	2020
Payables – overpayments, security bonds, deposits and retentions	4,548	3,560
<b>Total payables and borrowings</b>	<b>4,548</b>	<b>3,560</b>

**Accounting policy**

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

**Payables**

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

**C2-2 Contract Liabilities**

<b>\$ '000</b>	Notes	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
Funds to construct CCCWSA controlled assets	(i)	<b>2,255</b>	—	3,504	—
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	<b>9</b>	—	72	—
Unexpended capital contributions (to construct CCCWSA controlled assets)	(i)	<b>145</b>	—	145	—
<b>Total grants received in advance</b>		<b>2,409</b>	—	<b>3,721</b>	—
<b>Total contract liabilities</b>		<b>2,409</b>	—	<b>3,721</b>	—

**Notes**

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

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

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Grants and contributions received in advance:</b>		
Funds to construct CCCWSA controlled assets	<b>1,249</b>	3
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	<b>72</b>	3
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>1,321</b>	<b>6</b>

**Significant changes in contract liabilities**

There was no significant change to contract liabilities aside from the current year recognised revenue noted above.

**Accounting policy**

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

**C2-3 Borrowings**

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
Loans – secured	<b>27,816</b>	<b>154,304</b>	37,334	175,490
Loans – unsecured	<b>28,687</b>	<b>21,421</b>	24,152	22,683
<b>Total borrowings</b>	<b>56,503</b>	<b>175,725</b>	<b>61,486</b>	<b>198,173</b>

## C2-3 Borrowings (continued)

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

	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
<b>\$ '000</b>							
Loans – secured	212,824	(30,704)	–	–	–	–	182,120
Loan – unsecured	46,835	3,273	–	–	–	–	50,108
<b>Total liabilities from financing activities</b>	<b>259,659</b>	<b>(27,431)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>232,228</b>

	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
<b>\$ '000</b>							
Loans – secured	214,173	(1,349)	–	–	–	–	212,824
Loan – unsecured	25,003	21,832	–	–	–	–	46,835
<b>Total liabilities from financing activities</b>	<b>239,176</b>	<b>20,483</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>259,659</b>

## (b) Financing arrangements

## Additional financing arrangements information

## Breaches and defaults

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

## Security over loans

Loans are secured over future cash flows of CCWSA.

## Accounting policy

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

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

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

**C2-4 Employee benefit provisions**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	3,008	–	2,761	–
Sick leave	1,019	–	1,379	–
Long service leave	4,302	379	5,046	380
Other leave	384	–	310	–
<b>Total employee benefit provisions</b>	<b>8,713</b>	<b>379</b>	<b>9,496</b>	<b>380</b>

**Current employee benefit provisions not expected 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	4,649	4,904
	<b>4,649</b>	<b>4,904</b>

**Description of and movements in non-employee benefit provisions****Accounting policy**

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if CCCWSA 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.

**C2-5 Provisions**

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Self insurance – workers compensation	1,037	2,214	827	2,408
Self insurance – public liability	106	–	64	–
Self insurance – other	–	–	21	–
Payroll tax	437	–	518	21
Other	179	–	108	–
<b>Sub-total – other provisions</b>	<b>1,759</b>	<b>2,214</b>	<b>1,538</b>	<b>2,429</b>

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**C2-5 Provisions (continued)**

Total provisions	<b>1,759</b>	<b>2,214</b>	<b>1,538</b>	<b>2,429</b>
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\$ '000	Other provisions		
	Self insurance	Other (Payroll Tax)	Net carrying amount
<b>2021</b>			
At beginning of year	3,320	647	3,967
Additional provisions	358	2,656	3,014
Amounts used (payments)	(321)	(2,686)	(3,007)
Total other provisions at end of year	<b>3,357</b>	<b>617</b>	<b>3,974</b>
<b>2020</b>			
At beginning of year	2,952	945	3,897
Additional provisions	—	2,649	2,649
Amounts used (payments)	—	(2,947)	(2,947)
Other	368	—	368
Total other provisions at end of year	<b>3,320</b>	<b>647</b>	<b>3,967</b>

**Nature and purpose of provisions****Self-insurance**

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

**Accounting policy**

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

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

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

**Self-insurance**

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

Self Insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of CCCWSA being a self-insurer for Workers Compensation claims. Public Liability and Professional Indemnity claims are expensed as they meet the recognition criteria as set out in AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:

- Claims escalation of 2.5% in 2021/2022, 2.25% in 2022/2023 and 2.0% per annum thereafter. A bond yield of between -0.030% and 3.762% per annum over a 50 year period.
- All monetary amounts for past Workers Compensation claims were indexed to bring them to 'standardised' values at 30 June 2021.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2021.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2021 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.



## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

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

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## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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

Council's objective on behalf of CCCWSA is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

CCCWSA 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 the finance team under policies approved by Council.

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

The risks associated with the financial instruments held are:

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

CCCWSA manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. CCCWSA also seeks advice from independent advisers before placing any cash and investments.

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

\$ '000	2021	2020
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,411	1,771
Impact of a 10% movement in price of investments		
– Equity / Income Statement	14,111	17,709

#### (b) Credit risk

CCCWSA's major receivables comprise annual charges, user charges and fees.

CCCWSA 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 other than CCCWSA has significant credit risk exposures in its local area given the nature of CCCWSA's activities.

The level of outstanding receivables is reported to CCCWSA monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

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

## Credit risk profile

## Receivables – annual charges

Credit risk on annual charges is minimised by the ability of CCCWSA to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. CCCWSA is also able to charge interest on overdue annual charges at higher than market rates which further encourages the 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	1	6,622	391	398	173	7,585
<b>2020</b>						
Gross carrying amount	166	13,275	653	409	101	14,604

## Receivables - non annual charges

CCCWSA applies the simplified approach for non-annual charges debtors 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-annual charges debtors 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	15,315	7,386	363	242	3,666	26,972
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.50%	0.20%
<b>ECL provision</b>	–	–	–	–	55	55
<b>2020</b>						
Gross carrying amount	3,381	16,340	577	5,005	7,663	32,966
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.79%	0.18%
<b>ECL provision</b>	–	–	–	–	61	61

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

## (c) Liquidity risk

Payables 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. CCCWSA manages this risk by monitoring its cash flow requirements and liquidity levels and 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 and debt servicing requirements. CCCWSA 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	285	7,538	–	–	7,823	7,823
Loans and advances	4.94%	–	37,112	95,022	105,523	237,657	187,045
<b>Total financial liabilities</b>		<b>285</b>	<b>44,650</b>	<b>95,022</b>	<b>105,523</b>	<b>245,480</b>	<b>194,868</b>
<b>2020</b>							
Trade/other payables	0.00%	288	36,625	–	–	36,913	13,953
Loans and advances	5.77%	–	50,548	109,067	147,839	307,454	259,659
<b>Total financial liabilities</b>		<b>288</b>	<b>87,173</b>	<b>109,067</b>	<b>147,839</b>	<b>344,367</b>	<b>273,612</b>

## D2 Fair value measurement

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

– Infrastructure, property, plant and equipment

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by CCCWSA:

Fair value measurement hierarchy											
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total			
		2021	2020	2021	2020	2021	2020	2021	2020		
Recurring fair value measurements											
Infrastructure, property, plant and equipment C1-5											
Plant and equipment		12/05/16	12/05/16	—	—	167	194	167	194		
Office equipment		12/05/16	12/05/16	—	—	86	47	86	47		
Furniture and fittings		12/05/16	12/05/16	—	—	104	117	104	117		
Crown and Community land		01/07/20	01/07/19	12,410	12,249	—	—	12,410	12,249		
Operational land		30/06/18	30/06/18	68,946	68,946	—	—	68,946	68,946		
Land improvements - depreciable		30/06/18	30/06/18	—	—	634	132	634	132		
Buildings – specialised		30/06/18	30/06/18	—	—	31,580	32,065	31,580	32,065		
Other structures		12/05/16	12/05/16	—	—	1,203	1,256	1,203	1,256		
Roads		30/06/21	12/05/16	—	—	—	21	—	21		
Bulk earthworks (non depreciable)		30/06/21	12/05/16	—	—	—	16	—	16		
Stormwater drainage		30/06/21	12/05/16	—	—	1,092,202	1,030,632	1,092,202	1,030,632		
Water supply network		30/06/21	30/06/16	—	—	1,034,527	1,035,739	1,034,527	1,035,739		
Sewerage network		30/06/21	30/06/16	—	—	1,310,106	1,411,723	1,310,106	1,411,723		
Other assets				—	—	128	—	128	—		
Total infrastructure, property, plant and equipment						81,356	81,195	3,470,737	3,511,942	3,552,093	3,593,137

### Transfers between level 1 and level 2 fair value hierarchies

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## D2 Fair value measurement (continued)

### Valuation techniques

Where CCCWSA is unable to derive fair valuations using quoted market prices of identical assets (ie. Level 1 inputs), or observable inputs (Level 2 inputs), it utilises unobservable inputs (Level 3 inputs).

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

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

#### Plant and equipment, office equipment and furniture and fittings

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

These asset categories include:

- plant and equipment
  - o Major plant items – tractors, excavators, street sweepers, tippers, rollers, forklifts, backhoes, beach cleaners
  - o Minor plant items – generators, mowers, weed harvester, trailers, chainsaws, wood chippers, power hand tools
  - o Fleet vehicles – trucks, commercial vehicles and passenger vehicles
- office equipment – computer hardware, communications equipment, digital cameras, photocopiers
- furniture and fittings – work stations, storage cabinets, CCTV, air conditioning units.

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

CCCWSA reviews the value of these assets based on the gross replacement cost of similar assets.

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

#### Operational land

This asset class is comprised of all CCCWSA's land classified as operational land under the *Local Government Act 1993*. CCCWSA's accounting policy is to value the freehold land on a market value basis.

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2018. The land was valued using level 2 inputs that would be taken into account by buyers and sellers in setting the price, including but not limited to dimensions, land use and zoning, exposure to traffic and topography.

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

#### Crown and Community land

Community Land assets are comprised of CCCWSA owned land classified as Community Land under the *Local Government Act 1993*. Crown land is under the care and management of CCCWSA on behalf of the Crown.

CCCWSA accounting policy is to value Crown and Community land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location) where the Valuer General has not provided a land value based on the highest and best use for the land.

These are considered level 2 observable inputs.

Crown and Community land have been valued at 30 June 2021 using the VG valuations published on 1 July 2020.

#### Buildings – specialised

It is CCCWSA's accounting policy to value buildings for which a market exists using the best estimate of the price reasonably obtainable in the market at the date of valuation. Where there is no depth in market the buildings will be determined on the depreciated current replacement cost basis.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting

## D2 Fair value measurement (continued)

equipment, and general lighting). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value all buildings in 2018. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account CCCWSA's asset management practices.

Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other outputs (such as estimates of residual value, useful life, asset condition and componentisation including the split between short and long life components) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, this asset class has been valued utilising Level 3 inputs.

### Other structures

This asset class is comprised of fencing and structures which did not meet the definition of a building.

CCCWSA's accounting policy is to value other structures based on the technical knowledge and experience of engineers and asset management staff. Unobservable Level 3 inputs used include useful life, asset condition and pattern of consumption.

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

### Stormwater drainage

The Stormwater drainage asset class consists of CCCWSA's pits, pipes, detention basins, open drains, culverts, floodgates, wetlands, headwalls and gross pollutant traps.

CCCWSA engaged Morrison Low to value all stormwater drainage assets as at 30 June 2021. The approach used the cost assets approach. Replacement cost was assessed using the Modern Engineering Equivalent Replacement Asset (MEERA) approach.

Significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Water supply network

This asset class is comprised of water treatment plants, water pump stations, reservoirs, water mains, tunnels, dams, weirs and water meters.

Council engaged the external consulting company GHD, to undertake the valuation of all water supply infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

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

### Sewerage network

This asset class is comprised of sewer treatment plants, sewer pump stations, sewer vacuum systems and sewer mains.

Council engaged the external consulting company GHD, to undertake the valuation of all sewerage network assets at 30 June 2021. The gross replacement cost for each asset was calculated using the MEERA approach.

Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

There have been no other changes to the valuation process during the reporting period.

## D2 Fair value measurement (continued)

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

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant and equipment	167	Cost approach	Pattern of consumption, useful life and residual value
Office equipment	86	Cost approach	Pattern of consumption, useful life and residual value
Furniture and fittings	104	Cost approach	Pattern of consumption, useful life and residual value
Land improvements - depreciable	634	Cost approach	Pattern of consumption, useful life and residual value
Buildings specialised	31,580	Market value	Pattern of consumption, useful life, residual value, asset condition and componentisation
Other structures	1,203	Cost approach	Useful life, pattern of consumption and asset condition
Stormwater drainage	1,092,202	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Water supply network	1,034,527	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Sewerage network	1,310,106	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives
Other assets	128	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Buildings specialised	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>194</b>	50	<b>47</b>	9	<b>117</b>	123	<b>32,065</b>	31,207
Purchases (GBV)	—	185	<b>71</b>	73	—	7	<b>219</b>	1,545
Disposals (WDV)	—	—	—	—	—	—	—	(4)
Depreciation and impairment	<b>(27)</b>	(41)	<b>(32)</b>	(35)	<b>(13)</b>	(13)	<b>(704)</b>	(683)
<b>Closing balance</b>	<b>167</b>	<b>194</b>	<b>86</b>	<b>47</b>	<b>104</b>	<b>117</b>	<b>31,580</b>	<b>32,065</b>

\$ '000	Other structures		Roads		Bulk earthworks		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,256</b>	1,293	<b>21</b>	22	<b>16</b>	16	<b>1,030,632</b>	1,020,512
Purchases (GBV)	—	17	—	—	—	—	<b>19,791</b>	26,271
Disposals (WDV)	—	—	—	—	—	—	<b>(34)</b>	(293)
Depreciation and impairment	<b>(53)</b>	(54)	<b>(1)</b>	(1)	—	—	<b>(14,561)</b>	(15,858)
Revaluation increments / (decrements) to equity (ARR)	—	—	<b>(20)</b>	—	<b>(16)</b>	—	<b>56,374</b>	—
<b>Closing balance</b>	<b>1,203</b>	<b>1,256</b>	<b>—</b>	<b>21</b>	<b>—</b>	<b>16</b>	<b>1,092,202</b>	<b>1,030,632</b>

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**Attachment 4****Draft 2020-2021 Water Supply Authority Financial Reports**

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2021

**D2 Fair value measurement (continued)**

\$ '000	Water supply network		Sewerage network		Other assets		Land improvement - depreciable	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,035,739</b>	1,033,296	<b>1,411,723</b>	1,410,293	—	—	<b>132</b>	—
Transfers from/(to) another asset class	<b>7</b>	682	—	600	—	—	—	—
Purchases (GBV)	<b>33,696</b>	20,557	<b>43,435</b>	24,574	<b>133</b>	—	<b>516</b>	146
Disposals (WDV)	<b>(994)</b>	(1,004)	<b>(1,385)</b>	(1,258)	—	—	—	—
Depreciation and impairment	<b>(24,217)</b>	(26,833)	<b>(60,938)</b>	(35,143)	<b>(5)</b>	—	<b>(14)</b>	(14)
Revaluation increments / (decrements) to equity (ARR)	<b>(9,704)</b>	9,041	<b>(82,729)</b>	12,657	—	—	—	—
<b>Closing balance</b>	<b>1,034,527</b>	1,035,739	<b>1,310,106</b>	1,411,723	<b>128</b>	—	<b>634</b>	132

\$ '000	Total	
	2021	2020
<b>Opening balance</b>	<b>3,511,942</b>	<b>3,496,821</b>
Transfers from/(to) another asset class	<b>7</b>	<b>1,282</b>
Purchases (GBV)	<b>97,861</b>	<b>73,375</b>
Disposals (WDV)	<b>(2,413)</b>	<b>(2,559)</b>
Depreciation and impairment	<b>(100,565)</b>	<b>(78,675)</b>
Revaluation increments / (decrements) to equity (ARR)	<b>(36,095)</b>	<b>21,698</b>
<b>Closing balance</b>	<b>3,470,737</b>	<b>3,511,942</b>

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**D2 Fair value measurement (continued)****Highest and best use**

The following non-financial assets of CCCWSA are being utilised at other than their highest and best use:

**Community based assets**

CCCWSA undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Crown land under CCCWSA's care and control as well as CCCWSA - owned land that has been classified as community land under the provisions of the Local Government Act 1993.

Furthermore, CCCWSA has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to CCCWSA.

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## D3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### Defined benefit superannuation contribution plans

Council, on behalf of CCCWSA is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of *AASB119 Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all Councils.

Employer contributions paid to the defined benefit section of the Scheme during 2020-21 were recognised as an expense. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

The position is monitored annually and the actuary has estimated that, as at 30 June 2021, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit.

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

#### 2. Other liabilities

##### Developer contributions

CCCWSA levies Section 64 contributions upon various developments across the local government area through the required contributions plans. As part of these plans, CCCWSA has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these plans indicate proposed future expenditure to be undertaken by CCCWSA, which will be funded by making levies and receipting funds in future years. It is possible that funds contributed may be less than the cost of the infrastructure requiring CCCWSA to borrow or use general revenue to fund the difference.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent the intention to spend funds in the manner and timing set out in those plans.

**E People and relationships****E1 Related party disclosures****E1 Key management personnel (KMP)**

Key management personnel (KMP) of Central Coast Council Water Supply Authority (CCCWSA) are those persons having the authority and responsibility for planning, directing and controlling the activities of the CCCWSA, directly or indirectly. KMP include the following positions Councillors, Interim Administrators, Chief Executive Officer and Executive Leadership Team members.

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Compensation:</b>		
Short-term benefits	1,091	1,198
Other long-term benefits	55	56
Termination benefits	131	133
<b>Total</b>	<b>1,277</b>	<b>1,387</b>

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

CCCWSA has determined that there were no transactions between KMP and CCCWSA.

## E2 Other relationships

## E2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of CCCWSA, related practices and non-related audit firms

**Non NSW Auditor-General audit firms****(i) Audit and other assurance services**

Audit and review of financial statements

	—	12
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<b>Remuneration for audit and other assurance services</b>	<b>—</b>	<b>12</b>
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<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>—</b>	<b>12</b>
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<b>Total audit fees</b>	<b>—</b>	<b>12</b>
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## F Other matters

## F1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>(37,010)</b>	<b>(31,524)</b>
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	72,272	78,675
Net losses/(gains) on disposal of assets	2,413	2,559
Non-cash capital grants and contributions	(11,280)	(4,330)
Adoption of AASB 15/1058	—	(2,503)
Revaluation decrements / impairments of IPP&E direct to P&L	28,293	—
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	13,014	(5,159)
Increase/(decrease) in provision for impairment of receivables	(7)	61
Decrease/(increase) in other current assets	(61)	(161)
Increase/(decrease) in payables	(62)	(1,549)
Increase/(decrease) in other accrued expenses payable	(6,065)	6,222
Increase/(decrease) in other liabilities	420	(24,478)
Increase/(decrease) in contract liabilities	(1,312)	3,721
Increase/(decrease) in provision for employee benefits	(784)	312
Increase/(decrease) in other provisions	6	70
<b>Net cash provided from operating activities from the Statement of Cash Flows</b>	<b>59,837</b>	<b>21,916</b>

## (b) Non-cash investing and financing activities

Other dedications	9,931	4,330
<b>Total non-cash investing and financing activities</b>	<b>9,931</b>	<b>4,330</b>

**Attachment 4****Draft 2020-2021 Water Supply Authority Financial Reports**

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2021

**F2-1 Commitments****Capital commitments (exclusive of GST)**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Other – Stormwater Management	159	406
Infrastructure	<b>13,488</b>	41,229
<b>Total commitments</b>	<b>13,647</b>	<b>41,635</b>

**These expenditures are payable as follows:**

Within the next year	<b>13,647</b>	41,635
<b>Total payable</b>	<b>13,647</b>	<b>41,635</b>

**Sources for funding of capital commitments:**

Unrestricted general funds	7,662	41,635
Unexpended grants and contributions	5,967	–
Externally restricted reserves	18	–
<b>Total sources of funding</b>	<b>13,647</b>	<b>41,635</b>

**Details of capital commitments**

Major projects include:

- Annual water main renewal program
- Water treatment plant major upgrade - Mardi
- Water and sewer infrastructure reinforcements - Gosford CBD
- Water and sewer infrastructure - Warnervale Town Centre
- Critical sewer main rehabilitation - reticulation system
- Sewer pump station upgrade - Clarke Road, Noraville

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

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To be updated in October prior to Audit sign off

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**Central Coast Council - Water Supply Authority****General Purpose Financial Statements**  
for the year ended 30 June 2021

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## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements for the year ended 30 June 2021

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