



Financial Reports

Central Coast Council

1 July 2021 to 30 June 2022



General Purpose Financial Statements

Central Coast Council

1 July 2021 to 30 June 2022

Central
Coast
Council

Central Coast Council

General Purpose Financial Statements

for the year ended 30 June 2022

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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

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

Central Coast Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 February 2023.



Rik Hart
Administrator
28 February 2023



David Farmer
Chief Executive Officer
28 February 2023



Emma Galea
Responsible Accounting Officer
28 February 2023

Central Coast Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021
Income from continuing operations				
361,871	Rates and annual charges	B2-1	365,780	331,727
140,269	User charges and fees	B2-2	140,237	141,034
9,196	Other revenues	B2-3	12,740	12,667
49,491	Grants and contributions provided for operating purposes	B2-4	47,717	42,408
42,890	Grants and contributions provided for capital purposes	B2-4	65,626	83,702
4,442	Interest and investment income	B2-5	7,118	5,332
8,056	Other income	B2-6	8,025	8,776
–	Net gain from the disposal of assets	B4-1	21,587	–
616,215	Total income from continuing operations		668,830	625,646
Expenses from continuing operations				
175,833	Employee benefits and on-costs	B3-1	162,831	222,616
156,680	Materials and services	B3-2	165,542	167,875
17,471	Borrowing costs	B3-3	14,588	16,708
177,106	Depreciation, amortisation and impairment of non-financial assets	B3-4	169,041	157,567
39,192	Other expenses	B3-5	50,757	36,081
–	Net loss from the disposal of assets	B4-1	–	7,052
566,282	Total expenses from continuing operations		562,759	607,899
49,933	Operating result from continuing operations		106,071	17,747
49,933	Net operating result for the year attributable to Council		106,071	17,747
7,043	Net operating result for the year before grants and contributions provided for capital purposes		40,445	(65,955)

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 2022

\$ '000	Notes	2022	Restated 2021
Net operating result for the year – from Income Statement		106,071	17,747
Other comprehensive income:			
Amounts that will not be reclassified subsequent to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>689,669</u>	<u>269,063</u>
Total other comprehensive income for the year		<u>689,669</u>	<u>269,063</u>
Total comprehensive income for the year attributable to Council (restated)		<u>795,740</u>	<u>286,810</u>

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

Central Coast Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	55,009	65,709	92,296
Investments	C1-2	164,034	163,412	166,210
Receivables	C1-4	66,678	63,880	81,154
Inventories	C1-5	1,509	1,403	1,646
Non-current assets classified as 'held for sale'	C1-7	15,702	44,358	–
Other	C1-10	3,767	3,608	6,459
Total current assets		306,699	342,370	347,765
Non-current assets				
Investments	C1-2	433,094	255,297	104,202
Receivables	C1-4	3,348	3,384	3,768
Infrastructure, property, plant and equipment (IPPE)	C1-8	8,115,820	7,476,810	7,262,642
Intangible assets	C1-9	22,942	30,024	19,246
Right of use assets	C2-1	3,060	2,483	1,804
Other	C1-10	704	623	254
Total non-current assets		8,578,968	7,768,621	7,391,916
Total assets		8,885,667	8,110,991	7,739,681
LIABILITIES				
Current liabilities				
Payables	C3-1	83,198	72,152	94,153
Income received in advance		–	–	2,795
Contract liabilities	C3-2	17,317	16,443	10,644
Lease liabilities	C2-1	331	241	287
Borrowings	C3-3	27,484	39,539	44,790
Employee benefit provisions	C3-4	53,333	52,493	58,012
Provisions	C3-5	8,970	6,288	6,758
Total current liabilities		190,633	187,156	217,439
Non-current liabilities				
Income received in advance		–	–	7,381
Contract liabilities	C3-2	7,279	9,020	2,352
Lease liabilities	C2-1	2,963	2,320	1,552
Borrowings	C3-3	285,864	307,674	191,798
Employee benefit provisions	C3-4	–	3,144	2,900
Provisions	C3-5	76,815	75,304	76,696
Total non-current liabilities		372,921	397,462	282,679
Total liabilities		563,554	584,618	500,118
Net assets		8,322,113	7,526,373	7,239,563
EQUITY				
Accumulated surplus		7,111,427	7,005,356	6,987,609
IPPE revaluation reserve	C4-1	1,210,686	521,017	251,954
Total equity		8,322,113	7,526,373	7,239,563

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 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		7,005,356	521,017	7,526,373	6,943,436	251,954	7,195,390
Correction of prior period errors	G4-1	–	–	–	44,173	–	44,173
Restated opening balance		7,005,356	521,017	7,526,373	6,987,609	251,954	7,239,563
Net operating result for the year		106,071	–	106,071	13,011	–	13,011
Correction of prior period errors	G4-1	–	–	–	4,736	–	4,736
Restated net operating result for the period		106,071	–	106,071	17,747	–	17,747
Other comprehensive income							
– Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	689,669	689,669	–	269,063	269,063
Total comprehensive income		106,071	689,669	795,740	17,747	269,063	286,810
Restated closing balance at 30 June		7,111,427	1,210,686	8,322,113	7,005,356	521,017	7,526,373

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 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
360,390	Rates and annual charges		371,564	335,879
142,393	User charges and fees		136,902	151,706
4,442	Interest received		7,265	5,757
92,381	Grants and contributions		103,149	101,348
–	Bonds, deposits and retentions received		–	83
14,991	Other (includes rental income)		44,404	56,202
<i>Payments:</i>				
(176,918)	Payments to employees		(165,099)	(232,395)
(157,977)	Payments for materials and services		(164,423)	(197,747)
(17,471)	Borrowing costs		(12,772)	(15,848)
–	Bonds, deposits and retentions refunded		(1,138)	–
(39,193)	Other (includes EPA levy)		(52,558)	(56,253)
223,038	Net cash flows from operating activities	G1-1	267,294	148,732
Cash flows from investing activities				
<i>Receipts:</i>				
50,000	Sale of investments		241,255	259,406
–	Proceeds from sale of IPPE and non-current assets held for sale		60,603	8,784
<i>Payments:</i>				
(70,000)	Purchase of investments		(432,771)	(408,524)
(174,738)	Payments for IPPE		(113,441)	(133,114)
–	Purchase of intangible assets		576	(13,140)
–	Deferred debtors and advances made		–	(294)
(194,738)	Net cash flows from investing activities		(243,778)	(286,882)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		5,728	174,618
<i>Payments:</i>				
(29,424)	Repayment of borrowings		(39,593)	(62,808)
–	Principal component of lease payments		(351)	(247)
(29,424)	Net cash flows from financing activities		(34,216)	111,563
(1,124)	Net change in cash and cash equivalents		(10,700)	(26,587)
93,471	Plus: cash and cash equivalents at beginning of year		65,709	92,296
92,347	Cash and cash equivalents at end of year	C1-1	55,009	65,709

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

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 28 February 2023. 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 has had a financial impact for Council in the financial year ended 30 June 2022 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.

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.

A1-1 Basis of preparation (continued)

No material changes have been noted in asset values as a result of COVID-19.

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 met all milestones and targets in its Financial Recovery Plan as summarised below:

- 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;
- Successfully sold Council-identified underperforming assets;

In addition to the above, Council's forecast ten year long term financial plan was based on an expectation of receiving the one-off 15% SRV, (13% + 2% standard rate peg) which would be applied in 2021-2022 and remain permanently in the rate base for ten years. IPART has approved this increase through to 30 June 2031.

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 activities 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.

A separate statement of monies held in the 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.

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

A1-1 Basis of preparation (continued)

- 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, as necessary, 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

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 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 2021:

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

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 results		Grants and contributions		Carrying amount of assets	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021	2022	2021 Restated
Functions or activities										
Responsible	595,314	362,801	429,499	454,581	165,815	(91,780)	76,933	105,512	8,199,954	7,520,018
Liveable	30,208	35,625	69,561	88,560	(39,353)	(52,935)	10,782	14,824	572,111	498,033
Belonging	3,544	4,418	20,443	18,187	(16,899)	(13,769)	269	55	42,992	29,051
Smart	36,700	15,669	19,580	25,089	17,120	(9,420)	6,535	2,813	52,707	39,802
Green	3,064	3,642	23,676	21,482	(20,612)	(17,840)	18,824	2,906	17,903	24,087
General Purpose Income *	–	203,491	–	–	–	203,491	–	–	–	–
Total functions and activities	668,830	625,646	562,759	607,899	106,071	17,747	113,343	126,110	8,885,667	8,110,991

(*) Note: In 2021/22 General Purpose Income is dispersed across Council's functions in accordance with the Code of Accounting Practice.

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	2022	2021
Ordinary rates		
Residential	171,594	148,957
Farmland	900	785
Mining	2,373	755
Business	24,405	21,030
Less: pensioner rebates (State Government funded)	(2,206)	(2,206)
Less: pensioner rebates (Council funded)	(1,806)	(1,806)
Rates levied to ratepayers	195,260	167,515
Pensioner rate subsidies received	2,236	2,209
Total ordinary rates	197,496	169,724
Special rates		
Town improvement	1,519	1,319
Parking	219	190
Tourism / business development	1,078	936
Total special rates	2,816	2,445
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	77,126	75,168
Water supply services	12,991	12,774
Drainage	15,557	15,006
Sewerage services	58,222	55,236
Waste management services (not-domestic)	3,736	3,471
Section 611 charges	116	122
Liquid trade waste	307	453
Less: pensioner rebates (State Government funded)	(3,292)	(3,328)
Less: pensioner rebates (Council funded)	(2,773)	(3,085)
Annual charges levied	161,990	155,817
Pensioner subsidies received:		
– Water	1,167	1,238
– Sewerage	1,178	1,272
– Domestic waste management	1,133	1,231
Total annual charges	165,468	159,558
Total rates and annual charges	365,780	331,727

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.

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	2022	2021
User charges		
Water supply services	54,789	55,862
Sewerage services	16,371	16,228
Waste management services (other)	36	13
Liquid trade waste	2,563	2,104
Total user charges	73,759	74,207
Fees		
Building services – other	1,620	2,088
Development applications	4,192	3,608
Inspection services	349	724
Private works – section 67	274	430
Registration fees	223	116
Regulatory/statutory fees	235	258
Rezoning fees	214	181
Section 10.7 certificates (EP&A Act)	1,001	1,059
Other	389	379
Section 603 certificates	758	826
Town planning	169	295
Aerodrome	41	23
Camping ground	557	759
Child care	7,214	6,951
Companion animals	401	791
Engineering design fees	1,117	1,215
Holiday parks	10,682	11,583
On site sewer management (OSSM)	540	514
Parking fees	287	419
Parks and recreation	590	791
Sewerage Connection Income	469	580
Swimming centres	2,792	4,101
Theatres	508	367
Tipping fees	22,089	20,970
Transport for NSW works (state roads not controlled by Council)	6,829	5,040
Other	1,859	1,697
Water connection fees	1,079	1,062
Total fees	66,478	66,827
Total user charges and fees	140,237	141,034
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	–	37
User charges and fees recognised at a point in time	140,237	140,997
Total user charges and fees	140,237	141,034

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.

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 revenues

\$ '000	2022	2021
Fines – parking	2,662	1,960
Landfill sale of scrap metal	1,420	1,220
Fines – other	1,220	645
Sales – general	1,200	1,471
Event revenue	1,042	1,703
Insurance claims recoveries	1,575	878
Legal fees recovery – other	586	669
Diesel rebate	389	834
Cemetery income	359	448
Recreation	265	526
Landfill gas royalty payment	342	439
Arts centre	58	28
Section 355 Committee income	129	229
Other	1,608	1,817
COVID-19 waivers and refunds	(115)	(200)
Total other revenue	12,740	12,667
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	12,740	12,667
Total other revenue	12,740	12,667

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 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	11,416	10,247	–	–
Financial assistance – local roads component	2,430	2,178	–	–
Payment in advance - future year allocation ¹				
Financial assistance – general component	17,528	10,961	–	–
Financial assistance – local roads component	3,749	2,338	–	–
Amount recognised as income during current year	35,123	25,724	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aged and disabled	33	24	–	–
Bushfire and emergency services	1,694	3,473	61	522
Child care	498	863	8	81
Community care	20	–	–	–
Employment and training programs	149	108	–	–
Environmental programs	1,796	2,352	154	1,347
Health services	–	21	–	–
Heritage and cultural	–	95	–	–
Library	941	893	1,002	631
LIRS subsidy	136	599	–	–
Recreation and culture	–	–	87	–
Recreational facilities	41	56	4,861	7,368
Roads and bridges	–	–	19,049	15,842
Roadworks	66	–	9	–
Sewerage (excl. section 64 contributions)	–	–	138	200
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	3,772	–	–
Transport (other roads and bridges funding)	123	120	2,475	2,133
Vehicle contributions by employees	1,776	2,626	–	–
Water / Sewer Infrastructure	–	–	5,665	5,816
Water supplies (excl. section 64 contributions)	–	–	45	134
Youth services	44	78	–	–
Other	519	618	295	434
Non-cash contributions				
Other	–	–	7,661	27,908
Total special purpose grants and non-developer contributions (tied)	12,594	16,684	44,282	65,608
Total grants and non-developer contributions	47,717	42,408	44,282	65,608
Comprising:				
– Commonwealth funding	36,777	26,851	16,009	12,536
– State funding	8,769	3,111	19,820	28,465
– Other funding	2,171	12,446	8,453	24,607
	47,717	42,408	44,282	65,608

(1) \$21.277M of the 2022 - 2023 Financial Assistance Grant from Commonwealth Government was received by Council during the current financial year and hence is reported as 2021 - 2022 income although it relates to 2022 - 2023 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	431	371
S 7.12 – fixed development consent levies		–	–	2,254	1,628
S 64 – water supply contributions		–	–	4,705	3,392
S 64 – sewerage service contributions		–	–	2,293	3,010
Other developer contributions		–	–	341	206
S 7.11 – stormwater contributions		–	–	1,151	1,153
S 7.11 – roadworks		–	–	3,204	2,489
S 7.11 – open space		–	–	3,770	3,283
S 7.11 – community facilities		–	–	2,568	2,039
Non-cash contributions					
S 7.12 – fixed development consent levies		–	–	–	145
S 7.11 - drainage assets		–	–	–	251
S 64 – sewerage service contributions		–	–	334	–
S 64 – water supply contributions		–	–	293	127
Total developer contributions	G5	–	–	21,344	18,094
Total grants and contributions		47,717	42,408	65,626	83,702
Timing of revenue recognition					
Grants and contributions recognised over time		7,331	13,490	57,964	2,254
Grants and contributions recognised at a point in time		40,386	28,918	7,662	81,448
Total grants and contributions		47,717	42,408	65,626	83,702

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 2022	Operating 2021	Capital 2022	Capital 2021
Grants				
Unspent funds at 1 July	4,223	3,770	10,736	7,990
Add: Funds received and not recognised as revenue in the current year	4,006	2,607	5,399	7,509
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,513)	(2,154)	(7,283)	(4,763)
Unspent funds at 30 June	6,716	4,223	8,852	10,736
Contributions				
Unspent funds at 1 July	490	511	185,634	194,085
Add: contributions received and not recognised as revenue in the current year	304	191	23,141	23,259
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(93)	(212)	(7,785)	(31,710)
Unspent funds at 30 June	701	490	200,990	185,634

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.

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).

B2-4 Grants and contributions (continued)

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	1,456	821
– Cash and investments	5,660	4,508
Other	2	3
Total interest and investment income	7,118	5,332

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Properties not held for investment		5,129	4,752
Room/Facility Hire		2,666	3,178
Outdoor space		154	260
Other		76	25
Total rental income	C2-2	8,025	8,215
Fair value increment on investments		–	561
Total other income		8,025	8,776

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	131,367	154,398
Employee termination costs	1,191	15,870
Employee leave entitlements	20,729	37,806
Superannuation	15,846	18,898
Workers Compensation	2,252	3,005
Fringe benefit tax (FBT)	184	353
Payroll tax	2,005	2,592
Total employee costs	173,574	232,922
Less: capitalised costs	(10,743)	(10,306)
Total employee costs expensed	162,831	222,616

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

\$ '000	Notes	2022	2021
Raw materials and consumables		14,509	27,639
Contractor and consultancy costs		40,883	31,445
Contract costs Garbage collection		31,250	30,050
Contract costs Green waste processing		5,456	5,147
Contract costs Corporate systems		3,169	1,364
Contract costs Agency hire		2,262	3,106
Contract costs Roads		10,583	7,568
Audit Fees	F2-1	751	781
Previously other expenses:			
Advertising		628	667
Bank charges		1,496	1,469
Commissions		4,412	4,709
Computer software charges		11,208	17,394
Election expenses		140	177
Councillor, Mayoral and Administrator fees and associated expenses	F1-2	320	459
Electricity and heating		11,672	12,570
Events and promotions		1,807	1,585
Gas charges		506	368
Insurance		4,715	3,906
Licences		1,427	1,576
Planning NSW development application fees		774	498
Postage		1,145	1,230
Printing and stationery		648	746
Street lighting		4,482	4,910
Subscriptions and publications		684	769
Telephone and communications		1,089	1,475
Tip rehabilitation provision adjustment		3,021	(2,002)
Travel expenses		41	41
Training costs		950	942
Valuer general fees		886	917
Vehicle registrations		754	770
Other expenses		2,167	2,943
Legal expenses:			
– Legal expenses: planning and development		–	2
– Legal expenses: other		396	763
Expenses from Peppercorn leases		35	73
Expenses from short-term leases		368	187
Expenses from leases of low value assets		908	1,631
Total materials and services		165,542	167,875

Accounting policy

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

Computer software charges

In April 2021, the International Financial Reporting Standards Interpretations Committee issued a final agenda decision where configuration or customisation costs in a cloud computing arrangement are to be treated as period costs instead of capitalising such costs as intangible assets as was the case prior to this decision. This treatment has been consistently applied during the year ended 30 June 2022.

B3-3 Borrowing costs

\$ '000	Notes	2022	2021 Restated
Interest on leases		153	125
Interest on loans		11,390	15,097
Interest on other debts		101	2
Amortisation of discounts and premiums			
- Floating Rate Notes		1,647	294
Remediation liabilities	C3-5	1,297	1,190
Total borrowing costs expensed		14,588	16,708

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

Depreciation and amortisation

Plant and equipment		8,112	8,187
Office equipment		2,809	2,742
Furniture and fittings		1,269	1,377
Land improvements (depreciable)		2,032	1,966
Infrastructure:	C1-8		
- Buildings – specialised		13,142	13,731
- Other structures		3,126	2,140
- Roads		33,165	36,369
- Bridges		773	618
- Footpaths		3,152	2,532
- Stormwater drainage		11,924	14,569
- Water supply network		29,591	24,401
- Sewerage network		33,396	32,748
- Swimming pools		951	346
- Other open space/recreational assets		4,639	7,868
- Other infrastructure		2,433	1,644
Other assets:			
- Library books		807	810
- Other		236	173
Reinstatement, rehabilitation and restoration assets:			
- Tip assets	C3-5,C1-8	2,242	2,694
Right of use assets	C2-1	507	290
Intangible assets	C1-9	3,103	2,362
Total depreciation and amortisation costs		157,409	157,567

Impairment / revaluation decrement/(increment) of IPPE

Plant and equipment		350	–
Office equipment		1	–
Land improvements (depreciable)		5,426	–
Infrastructure:	C1-8		
- Buildings – specialised		24	–
- Other structures		3,158	–
- Swimming pools		46	–
- Other open space/recreational assets		792	–
- Other infrastructure		132	–
Intangible assets	C1-9	1,703	–
Total impairment costs charged to Income Statement (IPPE)		11,632	–
Total depreciation, amortisation and impairment for non-financial assets		169,041	157,567

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

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 no longer required to be tested for impairment under AASB 136. This is because 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 that have an indefinite useful life, or are 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 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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. When a net revaluation increment reverses a net revaluation decrement previously recognised as an expense in the trading result in respect of the same class of non-current asset, it must be recognised immediately as revenue in the trading account.

B3-5 Other expenses

\$ '000	2022	2021
Impairment of receivables		
Sundry debtors and other charges	1,345	212
Fair value decrement on investments		
Fair value decrement on investments through profit and loss	13,097	–
Other expenses		
Contributions/levies to other levels of government		
– NSW Fire and rescue levy	2,919	3,150
– NSW rural fire service levy	1,539	2,108
– Waste levy	28,533	27,831
– Holiday Park levy	504	608
– NSW State emergency services levy	504	661
Donations, Contributions and assistance to other organisations (Section 356)		
– The Art House	970	1,016
– Surf Life Saving Clubs	214	214
– Gosford Town Centre	–	(30)
– Stronger communities fund	–	(3)
– Community grants	684	(86)
– Other contributions and donations	448	400
Total other expenses	50,757	36,081

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	2022	2021
Gain (or loss) on disposal of non-current assets held for sale			
Proceeds from disposal – non-current assets held for sale		52,817	–
Less: carrying amount of non-current assets held for sale		(30,578)	–
Gain (or loss) on disposal		22,239	–
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		2,826	5,754
Less: carrying amount of plant and equipment assets sold/written off		(2,368)	(4,008)
Gain (or loss) on disposal		458	1,746
Gain (or loss) on disposal of infrastructure assets			
	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(925)	(6,048)
Gain (or loss) on disposal		(925)	(6,048)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		241,255	259,406
Less: carrying amount of investments sold/redeemed/matured		(241,255)	(259,406)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of land			
	C1-8		
Proceeds from disposal – community and operational Land		4,960	3,030
Less: carrying amount of community and operational Land assets sold/written off		(2,988)	(2,569)
Gain (or loss) on disposal		1,972	461
Gain (or loss) on disposal of stormwater drainage assets			
	C1-8		
Proceeds from disposal – Stormwater Drainage		–	–
Less: carrying amount of stormwater drainage assets sold/written off		–	(35)
Gain (or loss) on disposal		–	(35)
Gain (or loss) on disposal of sewerage network assets			
	C1-8		
Proceeds from disposal – Sewerage Network		–	–
Less: carrying amount of sewerage network assets sold/written off		–	(1,385)
Gain (or loss) on disposal		–	(1,385)
Gain (or loss) on disposal of water supply assets			
	C1-8		
Proceeds from disposal – water supply assets		–	–
Less: carrying amount of water supply assets sold/written off		–	(994)
Gain (or loss) on disposal		–	(994)
Gain (or loss) on disposal of other assets			
	C1-8		
Proceeds from disposal – Other assets		–	–
Less: carrying amount of other assets sold/written off		(2,157)	(797)
Gain (or loss) on disposal		(2,157)	(797)
Net gain (or loss) from disposal of assets		21,587	(7,052)

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 29/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	361,871	365,780	3,909	1%	F
User charges and fees	140,269	140,237	(32)	0%	U
Other revenues	9,196	12,740	3,544	39%	F
Favourable variance relates to additional income from fines, one-off insurance recoveries, diesel fuel rebates, sale of minor plant and equipment items, gas royalties and sales of scrap metal at Council's Waste Management facilities.					
Operating grants and contributions	49,491	47,717	(1,774)	(4)%	U
Capital grants and contributions	42,890	65,626	22,736	53%	F
Favourable variance relates to additional capital grants for roads, bridges, water and sewer infrastructure and open space assets that were approved subsequent to the adoption of the original budget. Additional income was also received from donated and developer contributed assets that were not included in the original budget forecast as well as 'found assets' during the revaluation process. Developer contribution income was under budget expectations and are difficult to predict as contributions received are based on external development activity.					
Interest and investment revenue	4,442	7,118	2,676	60%	F
Favourable variance due to the value of Council's investment portfolio and interest earnings on floating rate notes and bonds exceeded original budget expectations.					
Net gains from disposal of assets	-	21,587	21,587	∞	F
Favourable variance represents gain on disposal of surplus land and building parcels as part of Council's financial recovery plan that were not included in the original budget forecast.					
Other income	8,056	8,025	(31)	0%	U

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Expenses					
Employee benefits and on-costs	175,833	162,831	13,002	7%	F
Materials and services	156,680	165,542	(8,862)	(6)%	U
Borrowing costs	17,471	14,588	2,883	17%	F
Favourable variance is due to sewer fund loans that were repaid in April 2021, however budgets had been included for them in the original budget 2021-22. In addition further sewer fund loans were repaid and not refinanced as expected in March 2022 and the water fund loans that were refinanced achieved lower interest rates than forecast.					
Depreciation, amortisation and impairment of non-financial assets	177,106	169,041	8,065	5%	F
Other expenses	39,192	50,757	(11,565)	(30)%	U
Unfavourable variance is due to the recognition of unrealised market value movements in tradeable floating rate notes and bond investments.					

Statement of cash flows

Cash flows from operating activities	223,038	267,294	44,256	20%	F
Favourable variance due to additional grants and contributions received during the financial year, payments to employees were under budget as a result of the economic climate that has seen Council experiencing difficulties filling vacant positions, additional interest income was received and savings in other expenses were recorded.					
Cash flows from investing activities	(194,738)	(243,778)	(49,040)	25%	U
Unfavourable variance due to delays experienced in the delivery of Council's capex program as a result of severe weather events and supply chain issues, which in turn resulted in an increase in Council's investment portfolio balance as at 30 June 2022.					
Cash flows from financing activities	(29,424)	(34,216)	(4,792)	16%	U
The unfavourable variance is due to the repayment of several sewer fund loans that were not included in the original budget forecast.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	24,109	35,527
Deposits at call	30,900	30,182
Total cash and cash equivalents	55,009	65,709

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, if utilised, are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Financial assets at fair value through the profit and loss				
Government and semi-government bonds	–	74,683	–	56,978
NCD's, FRN's	19,034	303,411	38,657	153,319
Total	19,034	378,094	38,657	210,297
Debt securities at amortised cost				
Long term deposits	145,000	55,000	124,755	45,000
Total financial investments	164,034	433,094	163,412	255,297

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

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.

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

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

C1-2 Financial investments (continued)

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 and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	652,137	484,418
Less: Externally restricted cash, cash equivalents and investments	<u>(430,948)</u>	<u>(401,459)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>221,189</u>	<u>82,959</u>

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

\$ '000	2022	2021
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	109,395	99,614
Developer contributions – water	6,209	1,666
Developer contributions – sewer	18,442	19,510
Developer contributions – drainage	36,061	34,655
Developer contributions – VPA – general	2,737	2,713
Developer contributions – VPA – water	1,059	1,053
Developer contributions – VPA – sewer	497	495
Developer contributions – VPA - drainage	1,377	1,369
Developer contributions – bonus provisions	5,617	5,452
Developer Contributions – Sec 94A Levy	18,377	17,678
Specific purpose unexpended grants – general	13,118	12,834
Specific purpose unexpended grants – water	2,310	2,255
Specific purpose unexpended grants - sewer	14	–
Specific purpose unexpended grants - drainage	127	9
Cemeteries	609	733
Contributions to works including COSS	6,732	6,587
Crown land	1,676	1,346
Domestic waste management	97,419	88,636
Gosford parking station special rate levies	943	1,076
Holiday parks and camping ground	15,792	15,663
Self insurance claims – water	1,359	1,087
Self insurance claims – general	5,305	5,667
Self insurance claims – sewer	1,633	2,164
Stormwater management	571	755
Tourism levies	3,478	2,830
Water Supply Authority - other	79,288	74,966
Other External Restrictions	803	646
Total external restrictions	430,948	401,459

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

(b) Internal allocations

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

Davistown Wetlands	1,436	1,436
Drainage Licence Fee	621	552
Emergency services levy savings	339	339
Employees leave entitlement	11,173	10,987
Employment generating projects	3,155	3,155
Property development	5,074	5,251
Regional Library	11,570	11,570
Section 355/advances/deposits	458	594
Tip replacement/rehabilitation	35,453	35,054
Waste disposal facility	24,212	24,831
Other restrictions	–	225
Total internal allocations	93,491	93,994

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

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates	6,158	–	7,381	–
Interest and extra charges	1,733	–	2,141	–
User charges and fees	11,881	2,827	8,465	2,827
Accrued revenues				
– Interest on investments	1,643	–	1,382	–
– User charges and fees	10,702	–	12,468	–
– Government subsidies	2,345	–	2,346	–
– Other income accruals	1,111	–	3,134	–
Government grants and subsidies	6,119	–	5,223	–
Net GST receivable	2,486	–	2,408	–
Waste management annual charge	3,445	–	3,635	–
Drainage annual charge	1,635	–	1,512	–
Water annual charge	1,432	–	1,068	–
Sewerage annual charge	8,130	–	5,004	–
Other debtors	11,058	521	9,568	557
Total	69,878	3,348	65,735	3,384
Less: provision for impairment				
Sewerage annual charges	–	–	(6)	–
User charges and fees	–	–	(62)	–
Sundry debtors and other charges	(3,200)	–	(1,787)	–
Total provision for impairment – receivables	(3,200)	–	(1,855)	–
Total net receivables	66,678	3,348	63,880	3,384

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 considers that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

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

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
At cost				
Stores and materials	1,509	-	1,403	-
Total inventories	1,509	-	1,403	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

Nil

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

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Non-current assets held for sale				
Land	9,109	-	37,815	-
Buildings	6,543	-	6,543	-
Plant	50	-	-	-
Total non-current assets classified as held for sale	15,702	-	44,358	-

Details of assets held for sale

Non-current assets held for sale comprises one parcel of land, the Gosford Administration building and heavy machinery plant. These assets have been deemed excess to Council's operational requirements and were available for sale and actively marketed as at 30 June 2022.

At the date of this Report, Council has a non-binding Memorandum of Understanding for sale with Landcom for the Gosford Administration site.

The sale of one parcel of land at Bateau Bay was settled in July 2022, whilst the remaining non-current assets are expected to be settled during the financial year ended 30 June 2023.

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 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress (restated)	154,250	–	154,250	114,749	–	–	–	(64,598)	(58)	–	204,342	–	204,342
Plant and equipment	103,656	(53,848)	49,808	1,378	(2,368)	(8,112)	(350)	3,208	490	–	97,179	(53,125)	44,054
Office equipment	17,686	(10,011)	7,675	–	(160)	(2,809)	(1)	1,778	74	–	19,298	(12,741)	6,557
Furniture and fittings	14,866	(5,566)	9,300	–	(162)	(1,269)	–	523	246	–	15,528	(6,890)	8,638
Land:													
– Operational land	485,789	–	485,789	–	(2,988)	–	–	–	(799)	72,006	554,008	–	554,008
– Crown and Community land	424,488	–	424,488	–	–	–	–	–	–	140,428	564,916	–	564,916
– Land under roads (post 30/6/08)	2,149	–	2,149	–	–	–	–	–	–	–	2,149	–	2,149
Land improvements – depreciable	51,579	(20,009)	31,570	–	(14)	(2,032)	(5,426)	43	(7,242)	899	21,579	(3,781)	17,798
Infrastructure:													
– Buildings – specialised	791,990	(345,584)	446,406	6,285	(976)	(13,142)	(24)	4,211	5,274	70,766	918,779	(399,979)	518,800
– Other structures	48,974	(14,026)	34,948	–	(897)	(3,126)	(3,158)	680	(22,214)	396	8,888	(2,259)	6,629
– Roads	2,025,514	(611,905)	1,413,609	–	–	(33,165)	–	381	–	106,243	2,181,731	(694,662)	1,487,069
– Bridges	66,063	(25,623)	40,440	–	–	(773)	–	1	–	3,050	71,144	(28,423)	42,721
– Footpaths	233,592	(90,481)	143,111	–	–	(3,152)	–	31	–	10,765	251,588	(100,833)	150,755
– Bulk earthworks (non-depreciable)	352,645	–	352,645	–	–	–	–	–	–	27,119	379,764	–	379,764
– Stormwater drainage	1,561,678	(474,396)	1,087,282	–	–	(11,924)	–	254	5	96,391	1,704,934	(532,926)	1,172,008
– Water supply network	2,186,967	(973,533)	1,213,434	–	–	(29,591)	–	47,077	–	70,532	2,362,055	(1,060,602)	1,301,453
– Sewerage network	2,314,878	(928,164)	1,386,714	–	–	(33,396)	–	–	–	77,545	2,447,521	(1,016,658)	1,430,863
– Swimming pools	11,373	(6,451)	4,922	–	–	(951)	(46)	148	1,853	1,486	9,366	(1,954)	7,412
– Other open space/recreational assets	195,096	(61,278)	133,818	–	(723)	(4,639)	(792)	5,369	17,003	3,964	204,623	(50,622)	154,001
– Other infrastructure	47,330	(16,939)	30,391	–	(15)	(2,433)	(132)	167	2,296	3,391	44,133	(10,469)	33,664
Other assets:													
– Library books	4,126	(2,240)	1,886	–	–	(807)	–	711	–	–	4,837	(3,047)	1,790
– Other	7,126	(5,927)	1,199	–	(135)	(236)	–	16	(1,633)	4,688	6,893	(2,994)	3,899
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	43,260	(22,284)	20,976	–	–	(2,242)	–	–	3,796	–	50,489	(27,959)	22,530
Total infrastructure, property, plant and equipment	11,145,075	(3,668,265)	7,476,810	122,412	(8,438)	(153,799)	(9,929)	–	(909)	689,669	12,125,744	(4,009,924)	8,115,820

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions new assets	Carrying value of disposals	Depreciation expense Restated	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000												
Capital work in progress	213,634	–	213,634	146,933	–	–	(189,851)	(16,466)	–	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
Land:												
– Operational land	443,343	–	443,343	–	(2,337)	–	7	(37,815)	82,591	485,789	–	485,789
– 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	47,811	(18,044)	29,767	–	–	(1,966)	3,768	–	–	51,579	(20,009)	31,570
Infrastructure:												
– 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	44,406	(13,741)	30,665	–	(17)	(2,140)	7,131	(690)	–	48,974	(14,026)	34,948
– Roads	2,051,070	(658,308)	1,392,762	6,958	(5,957)	(36,369)	37,203	6,923	12,089	2,025,514	(611,905)	1,413,609
– Bridges	65,129	(22,055)	43,074	–	(75)	(618)	129	–	(2,068)	66,063	(25,623)	40,440
– Footpaths	129,338	(30,145)	99,193	1,846	–	(2,532)	10,403	–	34,202	233,592	(90,481)	143,111
– Bulk earthworks (non-depreciable)	386,921	–	386,921	486	–	–	242	4,686	(39,690)	352,645	–	352,645
– Stormwater drainage	1,500,124	(484,044)	1,016,080	9,931	(35)	(14,569)	9,951	–	65,924	1,561,678	(474,396)	1,087,282
– Water supply network	1,862,057	(823,378)	1,038,679	–	(994)	(24,401)	33,696	7	166,446	2,186,967	(973,533)	1,213,434
– Sewerage network	2,347,464	(934,973)	1,412,491	–	(1,385)	(32,748)	43,435	690	(35,772)	2,314,878	(928,164)	1,386,714
– Swimming pools	11,215	(6,078)	5,137	–	–	(346)	118	13	–	11,373	(6,451)	4,922
– Other open space/recreational assets	175,273	(53,410)	121,863	5,162	–	(7,868)	14,660	–	–	195,096	(61,278)	133,818
– Other infrastructure	53,318	(20,723)	32,595	167	–	(1,644)	6,029	(6,756)	–	47,330	(16,939)	30,391
Other assets:												
– 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	(4,686)	1,005	7,126	(5,927)	1,199
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	39,743	(19,590)	20,153	1,760	–	(2,694)	1,757	–	–	43,260	(22,284)	20,976
Total infrastructure, property, plant and equipment	10,763,559	(3,500,917)	7,262,642	176,505	(15,838)	(154,915)	–	(60,649)	269,063	11,145,075	(3,668,265)	7,476,810

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:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 12	Playground equipment	10 to 50
Office furniture	3 to 50	Benches, seats etc.	10 to 50
Computer equipment	2 to 26		
Vehicles	2 to 20	Buildings	5 to 170
Heavy plant/road making equipment	5 to 25		
Other plant and equipment	2 to 37	Land Improvements - depreciable	6 to 100
Water and sewer assets		Stormwater assets	
Dams and reservoirs	15 to 200	Drains	120
Bores	20 to 30	Culverts	120
Reticulation pipes	15 to 200	Flood control structures	20 to 100
Transportation assets		Other infrastructure assets	
Sealed roads: surface	12 to 100	Swimming pools	5 to 100
Sealed roads: structure	40 to 160	Other open space/recreational assets	5 to 100
Unsealed roads	30	Other infrastructure	10 to 109
Kerb and gutters	100	Other structures	10 to 100
Bridges	80 to 100		
Road pavements	40 to 80	Other assets	
Footpaths	3 to 180	Library books	5
		Other	5 to 500
Tip assets	4 to 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 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.

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

Rural Fire Service assets

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

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

C1-9 Intangible assets

Intangible assets

\$ '000	2022	2021 Restated
Software		
Opening values at 1 July		
Gross book value	30,444	28,598
Accumulated amortisation and impairment	(2,123)	(11,055)
Net book value – opening balance	28,321	17,543
Movements for the year		
WIP - net movement	(1,683)	–
Development costs	576	13,140
Amortisation charges	(3,103)	(2,362)
Gross book value (written off) / written back	1,129	(11,294)
Accumulated amortisation charges written off / (written back)	(2,298)	11,294
Closing values at 30 June		
Gross book value	30,466	30,444
Accumulated amortisation and impairment	(7,524)	(2,123)
Total software – net book value	22,942	28,321
Drainage easements		
Opening values at 1 July		
Gross book value	1,703	1,703
Net book value – opening balance	1,703	1,703
– Impairment charges	(1,703)	–
Closing values at 30 June		
Gross book value	1,703	1,703
Accumulated impairment	(1,703)	–
Total Drainage easements – net book value	–	1,703
Total intangible assets – net book value	22,942	30,024

Accounting policy

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. Since easements are viewed as having an indefinite life, they are not amortised, however, they are tested for impairment.

C1-10 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	3,767	–	3,608	–
Investment in the Art House	–	704	–	623
Total other assets	3,767	704	3,608	623

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	Right-of-Use Assets	Total
2022			
Opening balance at 1 July	13	2,470	2,483
Additions to right-of-use assets	–	294	294
Adjustments due to re-measurement of lease liability	–	790	790
Depreciation charge	(7)	(500)	(507)
Reclass IPPE categories to overall right-of-use assets	(6)	6	–
Balance at 30 June	–	3,060	3,060
2021			
Opening balance at 1 July	21	1,783	1,804
Adjustments due to re-measurement of lease liability	–	969	969
Depreciation charge	(8)	(282)	(290)
Balance at 30 June	13	2,470	2,483

C2-1 Council as a lessee (continued)

(b) 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
2022					
Cash flows	331	1,534	1,429	3,294	3,294
2021					
Cash flows	241	1,464	856	2,561	2,561

(c) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	153	125
Depreciation of right of use assets	507	290
Expenses relating to short-term leases	368	187
Expenses relating to low-value leases	908	1,631
Expenses relating to Peppercorn leases	35	73
	1,971	2,306

(d) Statement of Cash Flows

Total cash outflow for leases	1,746	1,891
	1,746	1,891

(e) 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
- 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.

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 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	2022	2021
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	5,129	4,752
Room / Facility hire	2,666	3,178
Outdoor space	154	260
Other	75	25
Total income relating to operating leases for Council assets	8,024	8,215

C2-2 Council as a lessor (continued)

\$ '000	2022	2021
Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:		
< 1 year	2,959	2,928
1–2 years	2,631	2,510
2–3 years	2,284	2,149
3–4 years	1,954	1,655
4–5 years	1,783	1,302
> 5 years	12,314	7,296
Total undiscounted lease payments to be received	23,925	17,840

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

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Goods and services	25,283	-	24,058	-
Prepaid rates and annual charges	19,593	-	15,026	-
Accrued expenses:				
– Interest on borrowings	693	-	1,015	-
– Salaries and wages	3,005	-	2,969	-
– Other expenditure accruals	23,952	-	16,035	-
Security bonds, deposits and retentions	3,580	-	4,718	-
Developer bonds	6,121	-	6,430	-
Overpayments	685	-	1,513	-
Other payables	286	-	388	-
Total payables	83,198	-	72,152	-

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

\$ '000	2022	2021
Payables – overpayments, security bonds, deposits and retentions	26,536	26,040
Total payables	26,536	26,040

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

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,598	2,254	8,634	2,254
Unexpended operating grants (received prior to performance obligation being satisfied) - AASB 15	(ii)	6,717	-	4,210	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	116	4,155	170	5,793
Unexpended operating contributions (received prior to performance obligation being satisfied) - AASB 15	(ii)	687	-	476	-
Total grants and contributions received in advance		14,118	6,409	13,490	8,047
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	29	-	37	-
Deposits received in advance of services provided		3,170	870	2,916	973
Total user fees and charges received in advance		3,199	870	2,953	973
Total contract liabilities		17,317	7,279	16,443	9,020

Notes

(i) Council has received funding to construct assets including sporting facilities, regional library, 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 and contributions 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	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	7,421	5,504
Operating grants (received prior to performance obligation being satisfied)	1,513	1,508
Capital contributions (to construct Council controlled assets)	46	8
Operating contributions (received prior to performance obligation being satisfied)	93	212
User fees and charges received in advance:		
Upfront fees – leisure centre	37	20
Total revenue recognised that was included in the contract liability balance at the beginning of the period	9,110	7,252

Significant changes in contract liabilities

During the financial year Council received additional operating grants relating to Storm events and Environmental programs that will be spent during 2022-2023.

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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	27,484	285,864	39,539	307,674
Total borrowings	27,484	285,864	39,539	307,674

(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 E1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	347,213	(33,865)	–	–	–	–	313,348
Lease liability (Note C2-1b)	2,561	–	–	–	–	733	3,294
Total liabilities from financing activities	349,774	(33,865)	–	–	–	733	316,642

\$ '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	110,625	–	–	–	–	347,213
Lease liability (Note C2-1b)	1,839	(247)	–	–	–	969	2,561
Total liabilities from financing activities	238,427	110,378	–	–	–	969	349,774

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities	500	500
Credit cards/purchase cards	1,240	1,240
Master lease facilities	1,850	1,850
Total financing arrangements	3,590	3,590
Drawn facilities		
– Credit cards/purchase cards	60	50
– Master lease facilities	916	1,000
Total drawn financing arrangements	976	1,050
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	1,180	1,190
– Master lease facilities	934	850
Total undrawn financing arrangements	2,614	2,540

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.

C3-3 Borrowings (continued)

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.

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

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

C3-4 Employee benefit provisions

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Annual leave	17,858	–	17,411	–
Sick leave	5,947	–	6,129	–
Long service leave	28,076	–	27,624	3,144
Other leave	1,452	–	1,329	–
Total employee benefit provisions	53,333	–	52,493	3,144

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

\$ '000	2022	2021
	Provisions – employees benefits	<u>29,928</u>
	29,928	29,468

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	2022		2021	2021
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	2,253	6,044	1,741	7,177
Self insurance – public liability	1,165	–	495	–
Self insurance – other	–	–	15	–
Road Rectification Works	1,064	–	–	–
Payroll tax	424	–	437	–
Other	257	–	663	–
Asset remediation/restoration	3,807	70,771	2,937	68,127
Total provisions	8,970	76,815	6,288	75,304

C3-5 Provisions (continued)

Movements in provisions

\$ '000	Other provisions			Total
	Self insurance	Asset remediation	Payroll Tax and Other	
2022				
At beginning of year	9,428	71,064	1,099	81,591
Changes to provision:				
– Amounts capitalised	–	–	–	–
– Revised discount rate	–	519	–	519
– Revised costs	–	2,502	(85)	2,417
Unwinding of discount	–	1,297	–	1,297
Additional provisions	3,447	–	3,056	6,503
Amounts used (payments)	(3,414)	(804)	(2,325)	(6,543)
Other	1	–	–	1
Total	9,462	74,578	1,745	85,785
2021				
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)
Total	9,428	71,064	1,099	81,591

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 miscellaneous employee provisions not relating to leave entitlements and outstanding payroll tax arising from Council's water, sewer, cemetery and parking station activities.

Road Rectification Works

To recognise the liability for on-going road works not covered by Grant relief resulting from a number of significant weather events experienced in the LGA which severely impacted local roads.

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.

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

C3-5 Provisions (continued)

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:

- A wage inflation index was used for future claims escalation. A bond yield of between 0.850% and 3.845% 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 2022.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2022.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2022 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.

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

\$ '000	Drainage 2022	Domestic Waste 2022	General 2022	Water 2022	Sewer 2022
Income from continuing operations					
Rates and annual charges	15,610	76,227	203,881	12,212	57,850
User charges and fees	–	34	62,067	57,713	20,423
Interest and investment income	65	222	4,487	318	2,026
Other revenues	–	2	12,627	5	106
Grants and contributions provided for operating purposes	62	–	47,600	34	21
Grants and contributions provided for capital purposes	2,403	–	49,746	8,718	4,759
Net gains from disposal of assets	–	–	21,578	–	9
Other income	–	–	8,025	–	–
Total income from continuing operations	18,140	76,485	410,011	79,000	85,194
Expenses from continuing operations					
Employee benefits and on-costs	1,591	664	134,924	12,562	13,090
Borrowing costs	477	–	3,651	7,776	2,684
Materials and services	5,169	51,288	57,459	24,950	26,676
Depreciation, amortisation and impairment of non-financial assets	13,652	–	90,539	30,815	34,035
Other expenses	32	15,750	31,902	52	3,021
Total expenses from continuing operations	20,921	67,702	318,475	76,155	79,506
Operating result from continuing operations	(2,781)	8,783	91,536	2,845	5,688
Net operating result for the year attributable to Council	(2,781)	8,783	91,536	2,845	5,688
Net operating result for the year before grants and contributions provided for capital purposes	(5,184)	8,783	41,790	(5,873)	929

D1-2 Statement of Financial Position by fund

\$ '000	Drainage 2022	Domestic Waste 2022	General 2022	Water 2022	Sewer 2022
ASSETS					
Current assets					
Cash and cash equivalents	30	7,767	36,005	1,576	9,631
Investments	158	95,805	8,531	8,375	51,165
Receivables	2,947	5,721	50,093	19,060	16,314
Inventories	–	–	1,509	–	–
Other	–	–	3,629	69	69
Non-current assets classified as held for sale	–	–	15,702	–	–
Total current assets	3,135	109,293	115,469	29,080	77,179
Non-current assets					
Investments	95	–	353,718	547	78,734
Receivables	1	–	20,369	227	10,035
Infrastructure, property, plant and equipment	1,211,380	–	3,992,091	1,394,454	1,517,895
Intangible assets	–	–	22,942	–	–
Right of use assets	–	–	3,060	–	–
Other	–	–	704	–	–
Total non-current assets	1,211,476	–	4,392,884	1,395,228	1,606,664
Total assets	1,214,611	109,293	4,508,353	1,424,308	1,683,843
LIABILITIES					
Current liabilities					
Payables	1,626	7,201	60,632	7,685	6,054
Contract liabilities	227	–	16,919	62	109
Borrowings	26,423	–	12,593	12,845	3,080
Lease liabilities	–	–	331	–	–
Employee benefit provisions	98	235	44,255	4,362	4,383
Provisions	–	–	7,214	731	1,025
Total current liabilities	28,374	7,436	141,944	25,685	14,651
Non-current liabilities					
Contract liabilities	1,304	–	2,777	2,254	944
Lease liabilities	–	–	2,963	–	–
Borrowings	7,398	–	140,777	130,174	34,799
Provisions	–	–	74,887	1,102	826
Total non-current liabilities	8,702	–	221,404	133,530	36,569
Total liabilities	37,076	7,436	363,348	159,215	51,220
Net assets	1,177,535	101,857	4,145,005	1,265,093	1,632,623
EQUITY					
Accumulated surplus	1,007,448	101,857	3,560,830	948,500	1,492,792
IPPE revaluation reserves	170,087	–	584,175	316,593	139,831
Total equity	1,177,535	101,857	4,145,005	1,265,093	1,632,623

D1-3 Details of internal loans

	Council ID / Ref 2013 GF-WF	Council ID / Ref 2015 SF-WF	Council ID / Ref 2015 GF-WF
Details of individual internal loans			
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
Principal outstanding at end of year	13,709,244	7,616,936	7,711,930

	Council ID / Ref 2021 GF-DF	Council ID / Ref 2021 GF-SF	Council ID / Ref 2022 GF-DF
Details of individual internal loans			
Borrower (by purpose)	Drainage Fund	Sewer Fund	Drainage Fund
Lender (by purpose)	General Fund	General Fund	General Fund
Date of Minister's approval	N/A	N/A	N/A
Date raised	30/06/2021	30/06/2021	30/06/2022
Term years	1	1	1
Dates of maturity	30/06/2022	30/06/2022	30/06/2023
Rate of interest (%)	Nil	Nil	Nil
Amount originally raised	27,425,427	687,798	25,702,956
Total repaid during year (principal and interest)	27,425,427	687,798	0
Principal outstanding at end of year	0	0	25,702,956

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
The Art House, Wyong Shire Performing Arts and Conference Centre Limited	Operations undertaken - Performing Arts Place of business - 19-21 Margaret Street, Wyong

Interests in Subsidiary	Ownership 2022	Ownership 2021	Voting rights 2022	Voting rights 2021
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 does not control the Art House or its activities, however through Board representation, Council does have significant influence over the Art House's relevant activities.

Council provided financial support of \$0.970M 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	2022	2021
Summarised statement of comprehensive income		
Revenue	1,972	2,245
Expenses	(1,890)	(1,876)
Profit/(loss) for the period	82	369
Total comprehensive income	82	369
Summarised statement of financial position		
Current assets	2,375	1,448
Non-current assets	29	38
Total assets	2,404	1,486
Current liabilities	1,670	839
Non-current liabilities	30	24
Total liabilities	1,700	863
Net assets	704	623

D2-1 Subsidiaries (continued)

\$ '000	2022	2021
Summarised statement of cash flows		
Cash flows from operating activities	655	906
Cash flows from investing activities	45	(45)
Cash flows from financing activities	-	(12)
Net increase (decrease) in cash and cash equivalents	700	849

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.

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 while maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with s625 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	2022	2021
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	6,521	4,858
Impact of a 10% movement in price of investments		
– Equity / Income Statement	65,214	48,580

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	Overdue rates and charges		Total
		< 5 years	> 5 years	
2022				
Gross carrying amount	4,161	16,089	550	20,800
2021				
Gross carrying amount	1	18,160	439	18,600

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	Overdue debts				Total
		< 30 days	31 - 60 days	61 - 90 days	> 90 days	
2022						
Gross carrying amount	15,845	905	870	673	34,134	52,427
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	9.37%	6.10%
ECL provision	-	-	-	-	3,200	3,200
2021						
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

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	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractu al cash outflows	Carrying values
2022						
Payables	0.00%	53,895	29,294	–	83,189	83,198
Borrowings	3.18%	37,746	203,974	148,304	390,024	313,348
Total financial liabilities		91,641	233,268	148,304	473,213	396,546
2021						
Payables	0.00%	11,149	44,953	9	56,111	57,126
Borrowings	3.25%	–	261,332	145,617	406,949	347,213
Total financial liabilities		11,149	306,285	145,626	463,060	404,339

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
- Financial assets

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

Where the carrying value of a non-current asset held for sale was higher than its fair value, the asset was written down to fair value.

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:

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy						Total		
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2022	2021	
		2022	2021	2022	2021	2022	2021	2022	2021	
						Restated		Restated		
Recurring fair value measurements										
Financial assets										
Financial investments	C1-2									
At fair value through profit or loss		397,128	248,954	-	-	-	-	397,128	248,954	
Total financial assets		397,128	248,954	-	-	-	-	397,128	248,954	
Infrastructure, property, plant and equipment										
Plant and equipment	C1-8	-	-	-	-	44,054	49,808	44,054	49,808	
Office equipment		-	-	-	-	6,557	7,675	6,557	7,675	
Furniture and fittings		-	-	-	-	8,638	9,300	8,638	9,300	
Operational land		-	-	554,008	485,789	-	-	554,008	485,789	
Crown and Community land		-	-	-	-	564,916	424,488	564,916	424,488	
Land under Roads		-	-	-	-	2,149	2,149	2,149	2,149	
Land improvements – depreciable		-	-	-	-	17,798	31,570	17,798	31,570	
Buildings – specialised		-	-	-	-	518,800	446,406	518,800	446,406	
Other structures		-	-	-	-	6,629	34,948	6,629	34,948	
Roads		-	-	-	-	1,487,069	1,413,609	1,487,069	1,413,609	
Bridges		-	-	-	-	42,721	40,440	42,721	40,440	
Footpaths		-	-	-	-	150,755	143,111	150,755	143,111	
Bulk earthworks – non depreciable		-	-	-	-	379,764	352,645	379,764	352,645	
Stormwater drainage		-	-	-	-	1,172,008	1,087,282	1,172,008	1,087,282	
Water supply network		-	-	-	-	1,301,453	1,213,434	1,301,453	1,213,434	
Sewerage network		-	-	-	-	1,430,863	1,386,714	1,430,863	1,386,714	
Swimming pools		-	-	-	-	7,412	4,922	7,412	4,922	
Other open space/recreational assets		-	-	-	-	154,001	133,818	154,001	133,818	
Other infrastructure		-	-	-	-	33,664	30,391	33,664	30,391	
Library books		-	-	-	-	1,790	1,886	1,790	1,886	
Other		-	-	-	-	3,899	1,199	3,899	1,199	
Tip assets		-	-	-	-	22,530	20,976	22,530	20,976	
Total infrastructure, property, plant and equipment	C1-8	-	-	554,008	485,789	7,357,470	6,836,771	7,911,478	7,322,560	
Non-recurring fair value measurements										
Non-current assets held for sale										
Land		-	-	9,109	37,815	-	-	9,109	37,815	
Buildings		-	-	-	-	6,543	6,543	6,543	6,543	
Plant		-	-	-	-	50	-	50	-	
Total non-recurring fair value measurements		-	-	9,109	37,815	6,593	6,543	15,702	44,358	

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, tippers, 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.

The fair value of operational land was reviewed for the year ended 30 June 2022 and an adjustment was recognised in the financial statements to ensure the carrying values of these assets materially reflect fair value.

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).

These are considered level 2 observable inputs.

Crown and Community land have been valued at 30 June 2022 using the VG valuations published on 1 July 2022.

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.

Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

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.

Council considered the movement in the NSW Non-residential building construction index from the last comprehensive revaluation in order to assess buildings for fair value. The movement was considered material and the carrying value of buildings was adjusted accordingly.

Other structures

This asset class is comprised of holiday park structures, cemetery assets, water tanks, fountains, fencing and structures which do not meet the definition of a building and 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.

The replacement cost approach will be utilised to value other structures. 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 current replacement cost 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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

E2-1 Fair value measurement (continued)

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 current replacement cost 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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

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 replacement cost 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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Roads and Bridges Construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

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 gross replacement cost for each asset was calculated using the current replacement cost 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.

This asset class was assessed for fair value at 30 June 2022 using the movement in the NSW Other Heavy and civil engineering construction index since the last comprehensive valuation. The movement was considered material and the carrying value of this asset class was adjusted accordingly.

Water supply network

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

E2-1 Fair value measurement (continued)

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 current replacement cost 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.

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

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 current replacement cost approach. Significant inputs considered in the valuation of these assets are remaining useful life, asset condition, unit rates and pattern of consumption.

This asset class was indexed at 30 June 2022 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

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 current replacement cost approach. 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.

Council engaged Scott Fullarton Valuation Pty Ltd to value swimming pool assets as at 30 June 2022.

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

Other open space/recreational assets

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

Council engaged Scott Fullarton Valuations to value Open Space and Recreational assets as at 30 June 2022. This asset class will be valued using the current replacement cost approach.

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.

Council engaged Scott Fullarton Valuation Pty Ltd to value this asset class as at 30 June 2022.

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.

E2-1 Fair value measurement (continued)

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)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Furniture and fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Crown and Community land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land under Roads	Market-based direct comparison	Extent and impact of use, market cost of land per square metre, restrictions
Land improvements	Cost approach	Pattern of consumption, useful life and residual value
Buildings	Market / cost approach	Current replacement cost of equivalent asset using componentisation, asset condition, remaining life and residual value.
Other structures	Cost approach	Useful life, pattern of consumption and asset condition
Roads	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bridges	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Footpaths	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Bulk earthworks	Cost approach	Useful life, pattern of consumption and asset condition
Stormwater drainage	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Water supply network	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Sewerage network	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Swimming pools	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Open space / recreational	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Other infrastructure	Cost approach	Current replacement cost of modern equivalent asset, asset condition, and remaining lives
Library books	Cost approach	Useful life, pattern of consumption and asset condition

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other	Cost approach	Useful life, pattern of consumption and asset condition
Tip assets	Cost approach	Pattern of consumption and useful life

E2-1 Fair value measurement (continued)

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		Crown and Community land	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	49,808	58,069	7,675	9,737	9,300	9,221	424,488	422,992
Transfers from/(to) another asset class	3,698	823	1,852	–	769	–	–	–
Purchases (GBV)	1,378	3,111	–	681	–	1,614	–	335
Disposals (WDV)	(2,368)	(4,008)	(160)	(1)	(162)	(158)	–	(232)
Depreciation and impairment	(8,112)	(8,187)	(2,809)	(2,742)	(1,269)	(1,377)	–	–
Revaluation decrements to Income Statement	(350)	–	(1)	–	–	–	–	–
Revaluation increments / (decrements) to Equity (ARR)	–	–	–	–	–	–	140,428	1,393
Closing balance	44,054	49,808	6,557	7,675	8,638	9,300	564,916	424,488

\$ '000	Land under Roads		Tip assets		Land improve-ments		Buildings	
	2022	2021	2022	2021	2022	2021 Restated	2022	2021
Opening balance	2,149	1,586	20,976	20,153	31,569	29,767	446,406	471,634
Transfers from/(to) another asset class	–	–	3,796	–	(7,198)	3,768	9,485	(7,378)
Purchases (GBV)	–	–	–	3,517	–	–	6,285	14,140
Disposals (WDV)	–	–	–	–	(14)	–	(976)	(639)
Depreciation and impairment	–	–	(2,242)	(2,694)	(2,032)	(1,966)	(13,142)	(13,731)
Revaluation decrements to Income Statement	–	–	–	–	(5,426)	–	(24)	–
Revaluation increments / (decrements) to Equity (ARR)	–	563	–	–	899	–	70,766	(17,620)
Closing balance	2,149	2,149	22,530	20,976	17,798	31,569	518,800	446,406

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
Opening balance	34,949	30,665	1,413,609	1,392,762	40,442	43,074	143,112	99,193
Transfers from/(to) another asset class	(21,535)	6,441	382	44,126	1	129	31	10,403
Purchases (GBV)	–	–	–	6,958	–	–	–	1,846
Disposals (WDV)	(897)	(17)	–	(5,957)	–	(75)	–	–
Depreciation and impairment	(3,126)	(2,140)	(33,165)	(36,369)	(773)	(618)	(3,152)	(2,532)
Revaluation decrements to Income Statement	(3,158)	–	–	–	–	–	–	–
Revaluation increments / (decrements) to Equity (ARR)	396	–	106,243	12,089	3,051	(2,068)	10,764	34,202
Closing balance	6,629	34,949	1,487,069	1,413,609	42,721	40,442	150,755	143,112

E2-1 Fair value measurement (continued)

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
Opening balance	352,645	386,921	1,087,282	1,016,080	1,213,434	1,038,680	1,386,713	1,412,491
Transfers from/(to) another asset class	–	4,928	259	9,951	47,077	33,702	–	44,127
Purchases (GBV)	–	486	–	9,931	–	–	–	–
Disposals (WDV)	–	–	–	(35)	–	(994)	–	(1,385)
Depreciation and impairment	–	–	(11,924)	(14,569)	(29,591)	(24,401)	(33,396)	(32,748)
Revaluation increments / (decrements) to Equity (ARR)	27,119	(39,690)	96,391	65,924	70,533	166,447	77,546	(35,772)
Closing balance	379,764	352,645	1,172,008	1,087,282	1,301,453	1,213,434	1,430,863	1,386,713

\$ '000	Swimming pools		Open space / recreational		Other infrastructure		Library books	
	2022	2021	2022	2021 Restated	2022	2021 Restated	2022	2021
Opening balance	4,922	5,137	133,817	121,863	30,391	32,595	1,886	2,187
Transfers from/(to) another asset class	2,001	13	22,374	14,660	2,462	(727)	711	–
Purchases (GBV)	–	118	–	5,162	–	167	–	509
Disposals (WDV)	–	–	(723)	–	(15)	–	–	–
Depreciation and impairment	(951)	(346)	(4,639)	(7,868)	(2,433)	(1,644)	(807)	(810)
Revaluation decrements to Income Statement	(46)	–	(792)	–	(132)	–	–	–
Revaluation increments / (decrements) to Equity (ARR)	1,486	–	3,964	–	3,391	–	–	–
Closing balance	7,412	4,922	154,001	133,817	33,664	30,391	1,790	1,886

\$ '000	Other		Total	
	2022	2021 Restated	2022	2021 Restated
Opening balance	1,199	858	6,836,772	6,605,665
Transfers from/(to) another asset class	(1,617)	(2,625)	64,548	162,341
Purchases (GBV)	–	2,134	7,663	50,709
Disposals (WDV)	(135)	–	(5,450)	(13,501)
Depreciation and impairment	(236)	(173)	(153,799)	(154,915)
Revaluation decrements to Income Statement	–	–	(9,929)	–
Revaluation increments / (decrements) to Equity (ARR)	4,688	1,005	617,665	186,473
Closing balance	3,899	1,199	7,357,470	6,836,772

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*.

Furthermore, 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.

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 plan

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 future service employer contribution rates are::

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2022 was \$1,939,072.21. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$1,138,909.80.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 3.42%.

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

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

Investment return	5.5% 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2022.

(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.

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

E3-1 Contingencies (continued)

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 estimated at this time however may approximate \$917,178. This estimate is based on the current 2021-2022 tendered rates to complete the annual monitoring works of of \$91,717 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, as scheduled for 2022-2023 is an additional \$762,500 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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	2,516	3,329
Other long-term benefits	257	387
Termination benefits	847	776
Total	3,620	4,492

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 as part of KMP using Council services (e.g. access to library or Council swimming pool) 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				
2022						
Supply of apprentices and support services	1	-	-	7 days	-	-
Insurance services	2	-	-	7 days	-	-
2021						
Supply of apprentices and support services	1	25	-	7 days	-	-
Insurance services	2	3,227	-	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. The KMP to which this contract was tied did not hold a key management role during the financial year ended 30 June 2022.

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. The KMP to which this directorship was tied did not hold a key management role during the financial year ended 30 June 2022.

F1-2 Councillor, Mayoral and Administrator fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor, Mayoral and Administrator fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	-	39
Councillors' fees	-	175
Councillors' expenses (including Mayor)	-	36
Interim Administrator /Administrator fee	320	209
Total	320	459

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
2022						
Funding and in-kind support services 2021	1	970	-	Funding and support services provided in line with the funding agreement	-	-
Funding and in-kind support services	1	1,016	-	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	2022	2021
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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 ¹	700	670
Total Auditor-General remuneration	700	670

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Audit and review of financial statements	-	100
Other audit and assurance services	39	-
Remuneration for audit and other assurance services	39	100

(ii) Non-assurance services

Other services	12	11
Total audit fees	751	781

(1) Total disclosed in current year relates to prior year external audit

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	106,071	17,747
Add / (less) non-cash items:		
Depreciation, amortisation and impairment	157,409	157,567
(Gain) / loss on disposal of assets	(21,587)	7,052
Non-cash capital grants and contributions	(8,288)	(27,268)
Investments classified as 'at fair value'	13,097	(561)
– Interest-free advances made by Council (deferred debtors)	–	294
Impairment of assets	11,632	–
Unwinding of discount rates on reinstatement provisions	1,816	566
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(4,107)	19,679
Increase / (decrease) in provision for impairment of receivables	1,345	(639)
(Increase) / decrease of inventories	(106)	243
(Increase) / decrease of other current assets	(240)	2,482
Increase / (decrease) in payables	1,225	(5,172)
Increase / (decrease) in other accrued expenses payable	7,953	(20,735)
Increase / (decrease) in other liabilities	1,868	2,397
Increase / (decrease) in contract liabilities	(867)	2,785
Increase / (decrease) in employee benefit provision	(2,304)	(5,276)
Increase / (decrease) in other provisions	2,377	(2,429)
Net cash provided from operating activities	267,294	148,732

(b) Non-cash financing and investing activities

Other dedications	7,661	27,098
Total non-cash financing and investing activities	7,661	27,098

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	5,186	338
Land and buildings	7,114	1,254
Technology	180	674
Tip assets	2,123	8,118
Stormwater Management infrastructure	3,007	159
Open Space infrastructure	2,062	1,283
Road infrastructure	7,509	2,480
Sewerage and water infrastructure	35,323	13,488
Total commitments	62,504	27,794

Details of capital commitments

Major projects to continue next year include:

- * Water Treatment Plant Major Upgrade - Mardi
- * Sewer infrastructure reinforcements - Gosford CBD
- * Sewer Reactive and Program Planning - Region Wide
- * Gosford Regional Library and Innovation Hub
- * Ocean Beach and Rawson Rd - Intersection Upgrade
- * Del Monte PI - Road Upgrade
- * Sewerage System Low Pressure Installation - South Tacoma
- * Plant & Fleet Vehicles - Acquisitions
- * Road Resealing Program 21-22

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error - 1 July 2020

Adjustment to Intangible Assets (note C1-9) and IPPE (note C1-8)

The IPPE balance at 30 June 2021 incorrectly included an amount of \$10.314M in relation to capitalised work in progress costs which related to Intangible Assets. These costs were incurred prior to 1 July 2020 and are now transferred from Infrastructure, Property, Plant and Equipment as at that date.

Adjustment to Opening IPPE (note C1-8) and Opening Accumulated Surplus

i) At 30 June 2022 an external revaluation of all Community Recreation Services (CRS) assets was undertaken. During the revaluation process 1,180 previously unaccounted assets were identified with a net book value (NBV) of \$43.561M. Council has determined that these assets were in existence prior to 1 July 2020.

The annual depreciation expense attributable to the \$43.561M found assets is \$3.106M. The 2 year total of \$6.210M has been grossed up against the NBV as at 30 June 2022.

ii) At 30 June 2022 Council undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all road related assets, drainage, water and sewer assets. During this process a number of found and disposed assets that had not been accounted for previously were identified:

- Road related assets - Increased GBV \$21.317M giving rise to an increase in NBV of \$16.848M
- Drainage assets - decreased GBV (\$14.724M) giving rise to a decrease in NBV of (\$14.551M)
- Water Supply assets - decreased GBV (\$12.215M) giving rise to a decrease in NBV of (\$5.172M), and
- Sewer assets - decreased GBV (\$6.367M) giving rise to a decrease in NBV of (\$2.722M)

The net decrease in the NBV of the above is (\$5.598M)

Council has determined that these assets either existed or were disposed prior to 1 July 2020.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

Nature of prior period error - 30 June 2021

Adjustment to Opening IPPE (note C1-8) and Asset Revaluation Reserve

At 30 June 2022 Council undertook an internal reconciliation process between the Technical Asset Registers and the Financial Assets Register as at 30 June 2021 for all road related assets, drainage, water and sewer assets. During the process, inputs (including unit rates, measurements and condition assessments) for a number of assets were updated, which resulted in changes to the previous valuation. The revaluation adjustments are as follows:

- Water supply network increased valuation by \$67.488M
- Sewerage network increased valuation by \$46.921M
- Stormwater drainage increased valuation by \$9.632M
- Roads decreased valuation by \$20.892M
- Bulk earthworks decreased valuation by \$5.564M
- Bridges decreased valuation by \$3.433M
- Footpaths decreased valuation by \$0.017M

The net revaluation increase was \$94.135M

Adjustment to Opening IPPE (note C1-8) and Opening Accumulated Surplus

i) The annual depreciation expense of \$3.106M attributable to the \$43.561M CRS assets was adjusted for the year ended 30 June 2021

ii) The revaluation adjustment for sewerage network assets of \$46.921M (noted above) resulted in the 30 June 2021 previously reported \$7.843M revaluation decrement being reversed.

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

Changes to the opening Statement of Financial Position at 1 July 2020

\$ '000	As Previously Reported 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Total current assets	347,765	–	347,765

G4-1 Correction of errors (continued)

\$ '000	As Previously Reported 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Infrastructure, property, plant and equipment	7,228,783	33,859	7,262,642
Intangible Assets	8,932	10,314	19,246
Other	110,028	–	110,028
Total non-current assets	7,347,743	44,173	7,391,916
Total assets	7,695,508	44,173	7,739,681
Total current liabilities	217,439	–	217,439
Total non-current liabilities	282,679	–	282,679
Net assets	7,195,390	44,173	7,239,563
Accumulated surplus	6,943,436	44,173	6,987,609
Revaluation reserves	251,954	–	251,954
Total equity	7,195,390	44,173	7,239,563

G4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2021

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
Total current assets	342,370	–	342,370
Infrastructure, property, plant and equipment	7,344,078	132,732	7,476,810
Intangible assets	19,710	10,314	30,024
Other	261,787	–	261,787
Total non-current assets	7,625,575	143,046	7,768,621
Total assets	7,967,945	143,046	8,110,991
Total current liabilities	187,154	–	187,154
Total non-current liabilities	397,462	–	397,462
Net assets	7,383,329	143,046	7,526,375
Accumulated surplus	6,956,445	48,911	7,005,356
Revaluation reserves	426,882	94,135	521,017
Total equity	7,383,329	143,046	7,526,375

Income Statement

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
Total income from continuing operations	625,646	–	625,646
Depreciation and amortisation	162,303	(4,736)	157,567
Other expenses from continuing operations	450,332	–	450,332
Total expenses from continuing operations	612,635	(4,736)	607,899
Net operating result for the year	13,011	4,736	17,747

Statement of Comprehensive Income

\$ '000	As Previously Reported 30 June, 2021	Impact Increase/ (decrease)	Restated Amount 30 June, 2021
Net operating result for the year	13,011	4,736	17,747
Prior year adjustment to gain/(loss) on revaluation of infrastructure, property, plant and equipment	174,928	94,135	269,063
Total comprehensive income for the year	187,939	98,871	286,810

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	22,573	730	–	147	–	–	23,450	–
Roads	16,689	2,946	–	151	(471)	–	19,315	(183)
Parking	5,539	–	–	40	–	–	5,579	–
Open space	14,150	3,018	–	169	(102)	–	17,235	(841)
Community facilities	28,412	2,319	–	185	–	–	30,916	(747)
Other	482	342	–	2	(303)	–	523	–
Drainage Capital	6,967	160	–	62	–	–	7,189	–
Drainage Land	3,198	36	–	27	–	–	3,261	–
Storm Water/Flood Mitigation	1,917	226	–	18	–	–	2,161	–
Roads Capital	5,902	255	–	54	–	–	6,211	–
Roads Land	83	–	–	–	–	–	83	–
Open Space Land	7,737	161	–	68	(23)	–	7,943	–
Open Space Embellishment	1,695	467	–	15	(494)	–	1,683	–
Community Capital	7,804	241	–	70	–	–	8,115	–
Community Land	450	8	–	4	–	–	462	–
Recreation	2,497	123	–	22	–	–	2,642	–
Footpaths	724	45	–	7	–	–	776	–
Environment Protection	838	51	–	8	–	–	897	–
Towncentre Improvements	1,612	336	–	16	–	–	1,964	–
Car Parking Administration	72	–	–	1	–	–	73	–
S7.11 contributions – under a plan	129,341	11,464	–	1,066	(1,393)	–	140,478	(1,771)
S7.12 levies – under a plan	17,677	2,254	–	151	(1,705)	–	18,377	–
Total S7.11 and S7.12 revenue under plans	147,018	13,718	–	1,217	(3,098)	–	158,855	(1,771)
S7.11 not under plans	4,930	–	–	48	–	–	4,978	–
S7.4 planning agreements	5,630	–	–	40	–	–	5,670	1,771
S64 contributions - Water	1,665	4,705	293	146	(307)	–	6,209	–
S64 contributions - Sewer	19,509	2,293	334	199	(3,559)	–	18,442	–
Total contributions	178,752	20,716	627	1,650	(6,964)	–	194,154	–

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 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 5 - WEST NARARA								
Drainage Capital	990	2	-	9	-	-	1,001	-
Drainage Land	122	1	-	1	-	-	124	-
Roads Capital	258	-	-	2	-	-	260	-
Open Space Land	426	-	-	4	-	-	430	-
Community Capital	377	-	-	3	-	-	380	-
Recreation	194	1	-	2	-	-	197	-
Total	2,367	4	-	21	-	-	2,392	-
CONTRIBUTION PLAN NUMBER 7 - NIAGARA PARK								
Drainage Capital	302	-	-	2	-	-	304	-
Roads Capital	59	-	-	1	-	-	60	-
Open Space Land	41	-	-	1	-	-	42	-
Community Capital	98	-	-	1	-	-	99	-
Recreation	33	-	-	-	-	-	33	-
Total	533	-	-	5	-	-	538	-

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 8 - LISAROW								
Drainage Capital	563	1	-	5	-	-	569	-
Drainage Land	850	1	-	8	-	-	859	-
Roads Capital	610	2	-	6	-	-	618	-
Open Space Land	143	-	-	1	-	-	144	-
Community Capital	3,152	1	-	28	-	-	3,181	-
Recreation	209	-	-	1	-	-	210	-
Total	5,527	5	-	49	-	-	5,581	-
CONTRIBUTION PLAN NUMBER 16 - KINCUMBER								
Drainage Capital	423	6	-	4	-	-	433	-
Drainage Land	53	-	-	-	-	-	53	-
Roads Capital	503	2	-	4	-	-	509	-
Open Space Land	529	1	-	5	-	-	535	-
Total	1,508	9	-	13	-	-	1,530	-
CONTRIBUTION PLAN NUMBER 21 - KARIONG								
Drainage Capital	388	11	-	4	-	-	403	-
Roads Capital	48	5	-	1	-	-	54	-
Open Space Land	1,039	3	-	8	(23)	-	1,027	-
Community Capital	321	2	-	3	-	-	326	-
Total	1,796	21	-	16	(23)	-	1,810	-
CONTRIBUTION PLAN NUMBER 23 - SPRINGFIELD								
Drainage Capital	44	-	-	-	-	-	44	-
Drainage Land	35	-	-	-	-	-	35	-
Roads Capital	373	-	-	4	-	-	377	-
Open Space Land	529	-	-	5	-	-	534	-
Total	981	-	-	9	-	-	990	-

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 31 - PENINSULA								
Drainage Capital	3,023	140	-	27	-	-	3,190	-
Drainage Land	1,748	34	-	15	-	-	1,797	-
Roads Capital	426	54	-	4	-	-	484	-
Open Space Land	3,214	155	-	28	-	-	3,397	-
Community Land	450	8	-	4	-	-	462	-
Open Space Embellishment	732	441	-	7	(494)	-	686	-
Community Capital	1,851	138	-	17	-	-	2,006	-
Total	11,444	970	-	102	(494)	-	12,022	-
CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY								
Other	29	-	-	-	-	-	29	-
Total	29	-	-	-	-	-	29	-
CONTRIBUTION PLAN NUMBER 42 - ERINA								
Drainage Capital	1,234	-	-	11	-	-	1,245	-
Drainage Land	390	-	-	3	-	-	393	-
Roads Capital	524	-	-	5	-	-	529	-
Roads Land	83	-	-	-	-	-	83	-
Open Space Land	1,406	-	-	12	-	-	1,418	-
Community Capital	1,082	-	-	10	-	-	1,092	-
Recreation	1,358	-	-	12	-	-	1,370	-
Total	6,077	-	-	53	-	-	6,130	-
CONTRIBUTION PLAN NUMBER 43 - EAST GOSFORD (PARTIALLY REPEALED)								
Roads Capital	309	8	-	2	-	-	319	-
Open Space Embellishment	793	9	-	7	-	-	809	-
Footpaths	275	12	-	3	-	-	290	-
Total	1,377	29	-	12	-	-	1,418	-

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 47A - TERRIGAL								
Storm Water/Flood Mitigation	1,917	226	-	18	-	-	2,161	-
Open Space Embellishment	(4)	10	-	-	-	-	6	-
Footpaths	318	25	-	3	-	-	346	-
Towncentre Improvements	1,612	336	-	16	-	-	1,964	-
Total	3,843	597	-	37	-	-	4,477	-
CONTRIBUTION PLAN NUMBER 48 - AVOCA								
Open Space Embellishment	134	-	-	1	-	-	135	-
Footpaths	38	-	-	-	-	-	38	-
Total	172	-	-	1	-	-	173	-
CONTRIBUTION PLAN NUMBER 49 - NORTH GOSFORD								
Open Space Land	410	2	-	4	-	-	416	-
Open Space Embellishment	7	7	-	-	-	-	14	-
Footpaths	93	8	-	1	-	-	102	-
Total	510	17	-	5	-	-	532	-
CONTRIBUTION PLAN NUMBER 52 - SPRINGFIELD / ERINA CREEK								
Roads Capital	6	-	-	-	-	-	6	-
Total	6	-	-	-	-	-	6	-
CONTRIBUTION PLAN NUMBER 57 - JOHN WHITEWAY DRIVE (REPEALED)								
Roads Capital	54	-	-	-	-	-	54	-
Total	54	-	-	-	-	-	54	-
CONTRIBUTION PLAN NUMBER 58 - ERINA FAIR								
Roads Capital	968	14	-	9	-	-	991	-
Total	968	14	-	9	-	-	991	-
CONTRIBUTION PLAN NUMBER 67 - WOY WOY PARKING								
Parking	1,354	-	-	12	-	-	1,366	-
Total	1,354	-	-	12	-	-	1,366	-

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 68 - UMINA PARKING								
Parking	454	-	-	4	-	-	458	-
Total	454	-	-	4	-	-	458	-
CONTRIBUTION PLAN NUMBER 69 - TERRIGAL PARKING								
Parking	1,544	-	-	13	-	-	1,557	-
Car Parking Administration	72	-	-	1	-	-	73	-
Total	1,616	-	-	14	-	-	1,630	-
CONTRIBUTION PLAN NUMBER 70 - EAST GOSFORD PARKING								
Parking	227	-	-	2	-	-	229	-
Total	227	-	-	2	-	-	229	-
CONTRIBUTION PLAN NUMBER 71 - CAR PARKING AVOCA BEACH								
Parking	5	-	-	-	-	-	5	-
Total	5	-	-	-	-	-	5	-
CONTRIBUTION PLAN NUMBER 72 - ETTALONG CAR PARKING								
Parking	117	-	-	-	-	-	117	-
Total	117	-	-	-	-	-	117	-
CONTRIBUTION PLAN NUMBER 98 - BENSVILLE								
Roads Capital	4	-	-	-	-	-	4	-
Open Space Embellishment	33	-	-	-	-	-	33	-
Total	37	-	-	-	-	-	37	-
CONTRIBUTION PLAN NUMBER 164 - GOSFORD								
Roads Capital	1,760	170	-	16	-	-	1,946	-
Community Capital	923	100	-	8	-	-	1,031	-
Recreation	703	122	-	7	-	-	832	-
Environment Protection	838	51	-	8	-	-	897	-
Total	4,224	443	-	39	-	-	4,706	-

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 1 - WYONG								
Drainage	2,138	35	–	12	–	–	2,185	–
Roads	2,581	36	–	14	–	–	2,631	–
Parking	1,742	–	–	9	–	–	1,751	–
Open space	2,923	89	–	17	–	–	3,029	–
Community facilities	2,618	138	–	17	–	–	2,773	500
Other	53	–	–	–	–	–	53	–
Total	12,055	298	–	69	–	–	12,422	500
CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES								
Drainage	1,328	24	–	7	–	–	1,359	–
Roads	939	1	–	5	–	–	945	–
Open space	2,900	191	–	18	–	–	3,109	325
Community facilities	2,024	160	–	14	–	230	2,428	369
Other	3	23	–	–	(23)	–	3	–
Total	7,194	399	–	44	(23)	230	7,844	694
CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE								
Drainage	5	–	–	–	–	–	5	–
Roads	3,854	448	–	21	(471)	–	3,852	–
Parking	89	–	–	–	–	–	89	–
Open space	1,946	207	–	11	–	–	2,164	–
Community facilities	885	303	–	9	–	(1,146)	51	–
Total	6,779	958	–	41	(471)	(1,146)	6,161	–
CONTRIBUTION PLAN NUMBER 5 - OURIMBAH								
Roads	265	–	–	2	–	–	267	–
Open space	194	6	–	1	–	–	201	–
Community facilities	2,101	5	–	11	–	–	2,117	–
Other	1	1	–	–	(1)	–	1	–
Total	2,561	12	–	14	(1)	–	2,586	–

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 6 - TOUKLEY								
Drainage	6	-	-	-	-	-	6	-
Roads	16	-	-	-	-	-	16	-
Parking	7	-	-	-	-	-	7	-
Open space	1,116	94	-	7	-	-	1,217	106
Community facilities	2,008	97	-	11	-	-	2,116	-
Total	3,153	191	-	18	-	-	3,362	106
CONTRIBUTION PLAN NUMBER 7 - GOROKAN								
Roads	83	-	-	4	-	-	87	-
Open space	897	171	-	6	-	-	1,074	183
Community facilities	729	142	-	4	-	-	875	-
Other	3	23	-	-	(23)	-	3	-
Total	1,712	336	-	14	(23)	-	2,039	183
CONTRIBUTION PLAN NUMBER 8 - SAN REMO								
Drainage	360	2	-	2	-	-	364	-
Roads	380	18	-	6	-	-	404	-
Open space	1,258	69	-	11	-	-	1,338	-
Community facilities	44	58	-	1	-	-	103	-
Other	3	9	-	-	(9)	-	3	-
Total	2,045	156	-	20	(9)	-	2,212	-
CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI								
Roads	86	-	-	-	-	-	86	(183)
Open space	473	72	-	2	-	-	547	-
Community facilities	995	59	-	12	-	1,146	2,212	-
Other	2	9	-	-	(9)	-	2	-
Total	1,556	140	-	14	(9)	1,146	2,847	(183)

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER - 13 SHIRE WIDE								
Open space	1,191	309	-	8	-	-	1,508	-
Community facilities	100	233	-	1	-	(230)	104	(3,071)
Other	14	45	-	-	(45)	-	14	-
Total	1,305	587	-	9	(45)	(230)	1,626	(3,071)
CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS								
Roads	2,203	830	-	13	-	-	3,046	-
Open space	852	836	-	6	(99)	-	1,595	-
Community facilities	2,770	707	-	17	-	-	3,494	-
Other	4	99	-	-	(99)	-	4	-
Total	5,829	2,472	-	36	(198)	-	8,139	-
CONTRIBUTION PLAN NUMBER 17 - WARNERVALE DISTRICT								
Drainage	18,736	669	-	126	-	-	19,531	-
Roads	6,282	1,613	-	86	-	-	7,981	-
Open space	400	974	-	82	(3)	-	1,453	(1,455)
Community facilities	14,138	417	-	88	-	-	14,643	1,455
Other	370	133	-	2	(94)	-	411	-
Total	39,926	3,806	-	384	(97)	-	44,019	-
S7.12 Levies – under a plan								
CONTRIBUTION PLAN NUMBER GCIP								
Towncentre Improvements	14,047	1,438	-	130	(127)	-	15,488	-
Total	14,047	1,438	-	130	(127)	-	15,488	-
CONTRIBUTION PLAN NUMBER WYONG								
Other	3,630	816	-	21	(1,578)	-	2,889	-
Total	3,630	816	-	21	(1,578)	-	2,889	-

G5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2021	Contributions received		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
GOSFORD CITY IMPROVEMENT & ERINA PARKING								
Parking	2,934	-	-	26	-	-	2,960	-
Roads Capital	520	-	-	5	-	-	525	-
Open Space Land	599	-	-	9	-	-	608	-
Open Space Embellishment	258	-	-	2	-	-	260	-
Community Capital	536	-	-	5	-	-	541	-
Environment Protection	83	-	-	1	-	-	84	-
Total	4,930	-	-	48	-	-	4,978	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator Restated 2021	Benchmark
1. Operating performance				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	<u>44,932</u>	7.73%	(10.94)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	<u>581,617</u>			
2. Own source operating revenue				
Total continuing operating revenue excluding all grants and contributions ¹	<u>533,900</u>	82.49%	79.83%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹	<u>647,243</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions	<u>101,712</u>	1.80x	2.12x	> 1.50x
Current liabilities less specific purpose liabilities	<u>56,471</u>			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	<u>216,929</u>	3.98x	1.44x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	<u>54,532</u>			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	<u>18,374</u>	4.75%	5.69%	< 5.00%
Rates and annual charges collectable	<u>386,865</u>			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus term deposits	<u>255,009</u>	7.02	5.00	> 3.00
Payments from cash flow of operating and financing activities	<u>36,328</u>	months	months	months

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

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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	Restated 2021	
1. Operating performance							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	10.83%	(11.20)%	(8.06)%	(19.33)%	4.90%	(2.07)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ^{1,2}							
2. Own source operating revenue							
Total continuing operating revenue excluding all grants and contributions ¹	79.34%	75.72%	88.92%	89.27%	94.39%	94.19%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.65x	1.93x	No liabilities	No liabilities	No liabilities	(0.22)x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ^{1,2}	8.01x	1.96x	1.34x	0.96x	3.20x	1.14x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.74%	4.89%	8.27%	9.27%	8.97%	8.36%	< 5.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year cash and cash equivalents plus term deposits	6.74 months	5.09 months	1.89 months	0.17 months	13.87 months	10.79 months	> 3.00 months
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, impairment losses on receivables, net loss on disposal of assets, and net loss on share of interest in joint ventures and associates using the equity method.

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Central Coast Council

To the Administrators of Central Coast Council

Opinion

I have audited the accompanying financial statements of Central Coast Council (the Council), which comprise the Statement by Administrator and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements, special schedules (the Schedules) and the general purpose financial statements of the Central Coast Council Water Supply Authority.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, I have separately expressed an opinion on the:

- special purpose financial statements and Special Schedule - Permissible income for general rates as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the Government Sector Audit Act 1983.

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

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

I have nothing to report in this regard.

The Administrators' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or

in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



Caroline Karakatsanis
Delegate of the Auditor-General for New South Wales

28 February 2023
SYDNEY



Mr Rik Hart
Administrator
Central Coast Council
2 Hely Street
WYONG NSW 2259

Contact: Caroline Karakatsanis
Phone no: 02 9275 7143
Our ref: D2302477/1710

28 February 2023

Dear Administrator

Report on the Conduct of the Audit for the year ended 30 June 2022 Central Coast Council

I have audited the general purpose financial statements (GPFS) of the Central Coast Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

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



This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.





High risk matters

The following high risk matters of governance interest were identified during my audit. High risk matters have high consequences and are likely to occur.

Risk assessment	Matter
 High	Fair value assessment of Infrastructure, Property, Plant and Equipment (IPPE) asset classes not subject to comprehensive revaluations (repeat issue) Council's initial fair value assessment of IPPE did not consider the most relevant data/indices resulting in subsequent material adjustments to the financial statements. Management's quality review on the fair value assessments could be improved. The timeliness and quality of certain key documentation on IPPE also requires improvement.
 High	Quality and timeliness of financial reporting (repeat issue) While noting improvements in the quality and timeliness of the financial statements and supporting workpapers provided to audit, the financial statements required amendments to correct material monetary misstatements and disclosure deficiencies. Council can further improve the timeliness and internal quality review process of the financial statements prior to submitting to the audit team (specifically for IPPE).

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	365.8	331.7	 10.3
Grants and contributions revenue	113.3	126.1	 10.2
Operating result from continuing operations	106.1	17.7	 499.4
Net operating result before capital grants and contributions	40.4	(66.0)	 161.2

* The 2021 comparatives have been restated to correct a prior period error.

Rates and annual charges revenue (\$365.8 million) increased by \$34.1 million (10.3%) in 2021–22 mainly due to Council obtaining a special rate variation of 13% applied to general rates.

The Council's operating result from continuing operations \$106.1 million (including depreciation and amortisation expense of \$169.0 million) was \$88.4 million higher than the 2020–21 result. The increase is primarily due to the following:

- increase in rates and annual charges by \$34.1 million as described above
- decrease in employee benefits and on-cost expenses by \$59.8 million mainly due to lower staff numbers during 2021–22
- increase in net gain from the disposal of assets by \$21.6 million due to properties sold as part of Council's asset sales program during the year
- increase in other expenses by \$14.7 million due to fair value decrement on investments.

The net operating result before capital grants and contributions (\$40.4 million) was \$106.4 million higher than the 2020–21 result.

STATEMENT OF CASH FLOWS

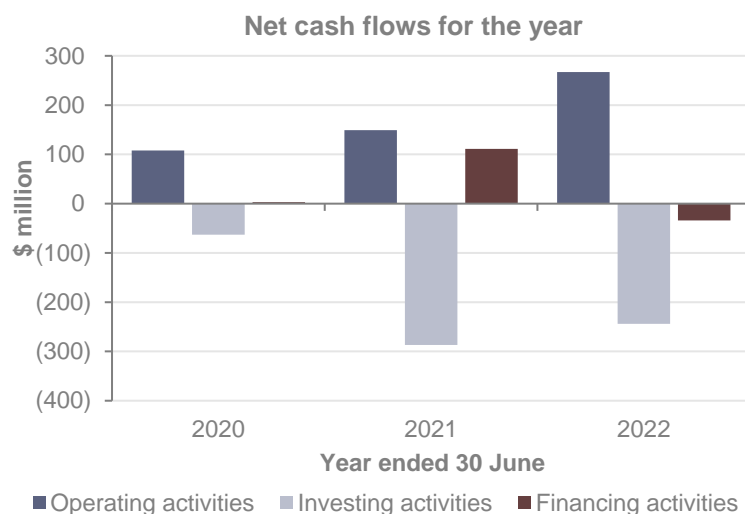
The Council reported a decrease in cash and cash equivalents from \$65.7 million at 30 June 2021 to \$55.0 million at 30 June 2022.

However, total cash, cash equivalents and investment balances not subject to external restrictions increased from \$83.0 million at 30 June 2021 to \$221.2 million at 30 June 2022.

Cash flows from operating activities increased by \$118.6 million mainly due to increase in rates and annual charges by \$35.7 million due to special variation of 13% and deduction of employee and material and service costs by \$100.6 million.

Cash flow from investing activities decreased by \$43.1 million mainly due to cash proceeds from sale of assets of \$51.8 million in the current year, slightly offset by decrease in capital expenditure from the previous financial year.

Cash flow from financing activities was negative this year due to repayment of instalments on loans, obtained during the last financial year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	652.1	484.4	Externally restricted cash and investments are restricted in their use by externally imposed requirements.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are balances allocated for a specific use by way of a Council resolution.
• External restrictions	430.9	401.5	At 30 June 2022, Council reported a positive cash and investments balance, after external restrictions, of \$221.2 million (\$83 million in 2021). Externally restricted balances mainly comprise developer contributions, domestic waste management and the Water Supply Authority related funds.
• Internal allocations	93.5	94.0	Internal allocations were \$93.5 million in 2022 (\$94 million in 2021).

Debt

Council had total borrowings of \$313.3 million as at 30 June 2022 and decreased by \$33.9 million from the previous financial year.

The Council has bank overdraft facilities of \$0.5 million which remained unused as at 30 June 2022.

PERFORMANCE

Performance measures

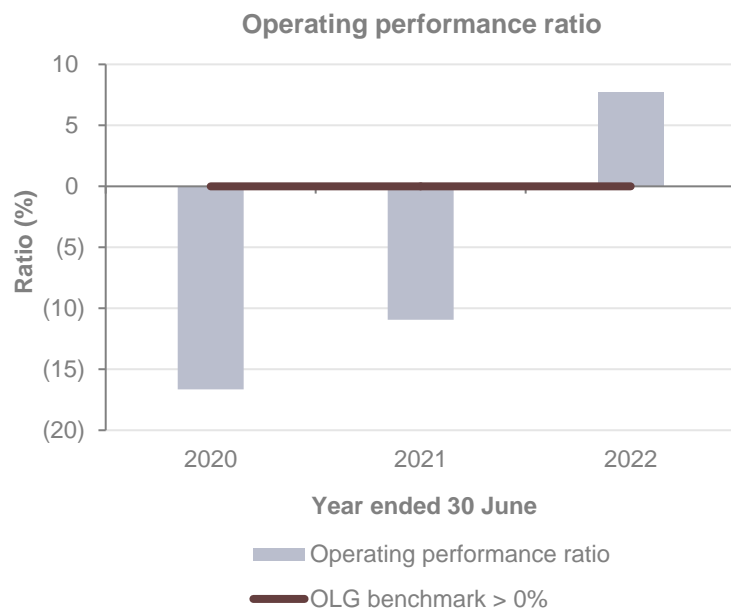
The following section provides an overview of the Council’s performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council met the OLG benchmark for the current financial year, compared to not meeting the benchmark in 2021 and 2020.

The 2021 ratio was restated to correct a prior period error.

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

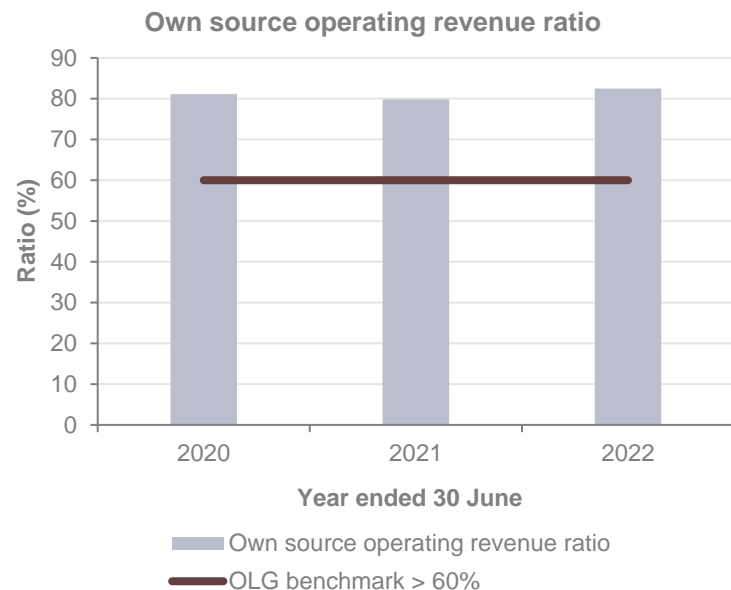


Own source operating revenue ratio

The Council continued to meet the OLG benchmark in the current financial year.

The 2021 ratio was restated to correct a prior period error.

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

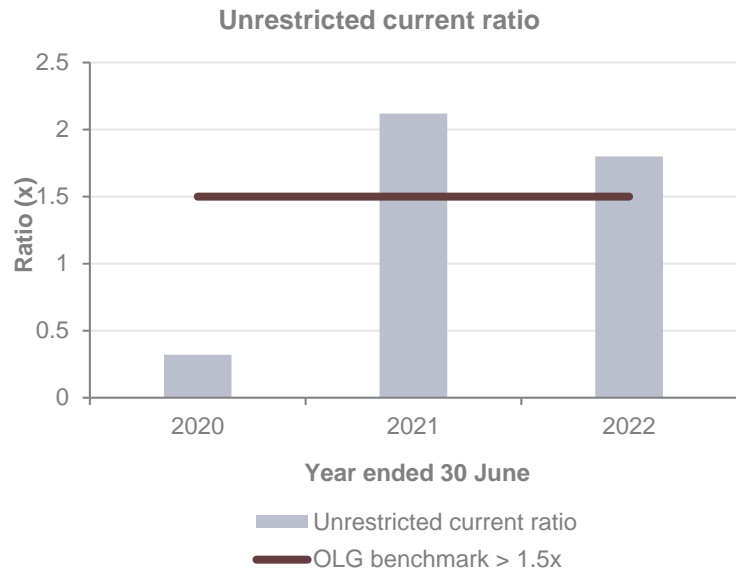


Unrestricted current ratio

The Council met the OLG benchmark for the last two financial years.

The 2021 ratio was restated to correct a prior period.

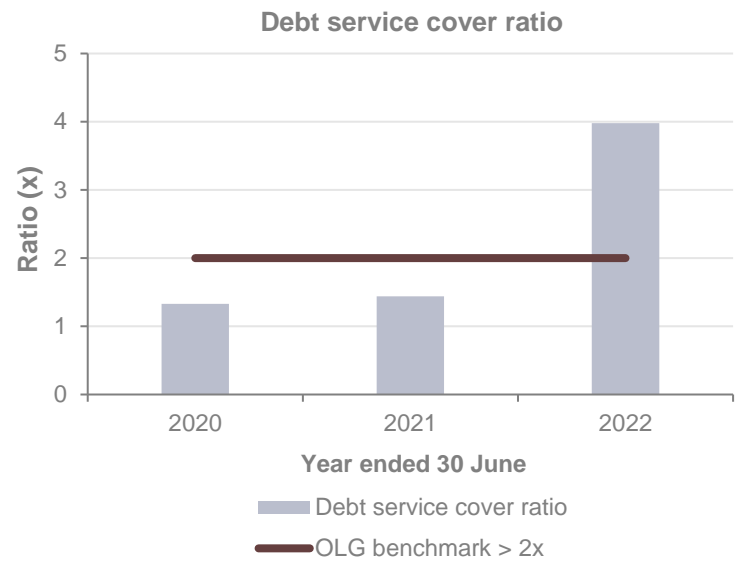
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the OLG benchmark for the current financial year compared to not meeting the benchmark in the prior two financial years.

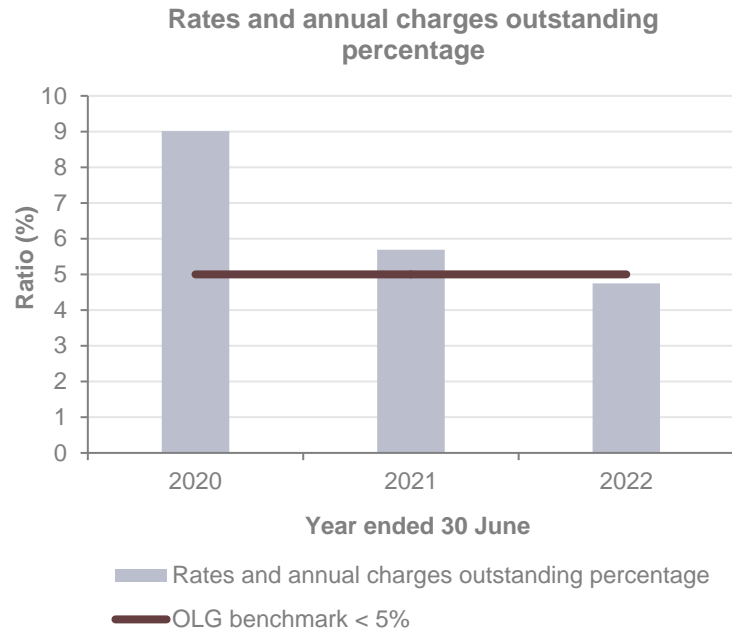
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council met the OLG benchmark for the current financial year.

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

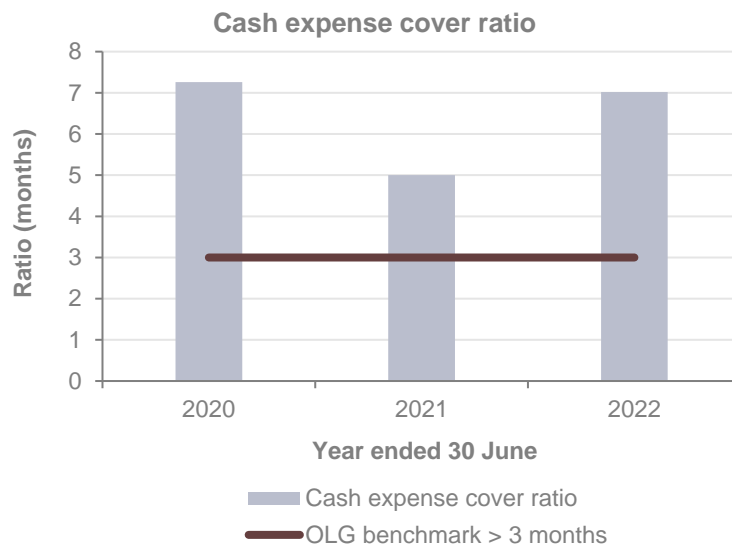


Cash expense cover ratio

The Council continued to meet the OLG benchmark in the current financial year.

The 2021 ratio was restated to correct a prior period error.

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



Infrastructure, property, plant and equipment renewals

Asset additions were \$122.4 million in 2021–22, compared to \$176.5 million in the prior year. Of this amount, \$6.3million was spent on roads and \$1.4 million on plant and equipment.

The Council did not separately disclose asset renewals in the GPFS.

OTHER MATTERS

Legislative compliance

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

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



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: David Farmer, Chief Executive Officer
Carl Millington, Chair of Audit, Risk and Improvement Committee



Special Purpose Statements

Central Coast Council

1 July 2021 to 30 June 2022

Central Coast Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

Statement by 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 :

- NSW Government Policy Statement *Application of National Competition Policy to Local Government*,
- Division of Local Government Guidelines *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*,
- The Local Government Code of Accounting Practice and Financial Reporting,
- 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 28 February 2023.



Rik Hart
Administrator
28 February 2023



David Farmer
Chief Executive Officer
28 February 2023



Emma Galea
Responsible Accounting Officer
28 February 2023

Central Coast Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ¹ Restated
Income from continuing operations		
Access charges	12,212	11,930
User charges	55,925	55,803
Fees	1,788	1,833
Interest and investment income	318	315
Grants and contributions provided for operating purposes	34	3
Other income	5	7
Total income from continuing operations	70,282	69,891
Expenses from continuing operations		
Employee benefits and on-costs	12,562	16,877
Borrowing costs	7,776	9,559
Materials and services	24,581	31,192
Depreciation, amortisation and impairment	30,815	24,783
Water purchase charges	369	982
Net loss from the disposal of assets	–	994
Calculated taxation equivalents	680	646
Other expenses	52	2
Total expenses from continuing operations	76,835	85,035
Surplus (deficit) from continuing operations before capital amounts	(6,553)	(15,144)
Grants and contributions provided for capital purposes	8,718	8,398
Surplus (deficit) from continuing operations after capital amounts	2,165	(6,746)
Surplus (deficit) from all operations before tax	2,165	(6,746)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
Surplus (deficit) after tax	2,165	(6,746)
Opening accumulated surplus	945,655	951,755
Adjustments for amounts unpaid:		
– Taxation equivalent payments	680	646
Closing accumulated surplus	948,500	945,655
Return on capital %	0.1%	(0.4)%
Subsidy from Council	49,814	24,509
Calculation of dividend payable:		
Surplus (deficit) after tax	2,165	(6,746)
Less: capital grants and contributions (excluding developer contributions)	(8,718)	(8,398)
Surplus for dividend calculation purposes	–	–
Dividend calculated from surplus	–	–

(1) The reconciliation of water supply assets performed in 2021-22 between the Technical Asset Register and the Fixed Asset Register at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment and Opening Accumulated Surplus.

Central Coast Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ¹ Restated
Income from continuing operations		
Access charges	57,850	54,866
User charges	16,607	16,228
Liquid trade waste charges	2,766	2,136
Fees	1,050	1,161
Interest and investment income	2,026	2,250
Grants and contributions provided for operating purposes	21	462
Net gain from the disposal of assets	9	–
Other income	106	59
Total income from continuing operations	80,435	77,162
Expenses from continuing operations		
Employee benefits and on-costs	13,090	17,877
Borrowing costs	2,684	4,783
Materials and services	26,676	30,634
Depreciation, amortisation and impairment	34,035	33,208
Net loss from the disposal of assets	–	1,385
Calculated taxation equivalents	236	239
Other expenses	3,021	–
Total expenses from continuing operations	79,742	88,126
Surplus (deficit) from continuing operations before capital amounts	693	(10,964)
Grants and contributions provided for capital purposes	4,759	4,267
Surplus (deficit) from continuing operations after capital amounts	5,452	(6,697)
Surplus (deficit) from all operations before tax	5,452	(6,697)
Less: corporate taxation equivalent (25%) [based on result before capital]	(173)	–
Surplus (deficit) after tax	5,279	(6,697)
Opening accumulated surplus	1,487,104	1,493,562
Adjustments for amounts unpaid:		
– Taxation equivalent payments	236	239
– Corporate taxation equivalent	173	–
Closing accumulated surplus	1,492,792	1,487,104
Return on capital %	0.2%	(0.4)%
Subsidy from Council	52,178	34,745
Calculation of dividend payable:		
Surplus (deficit) after tax	5,279	(6,697)
Less: capital grants and contributions (excluding developer contributions)	(4,759)	(4,267)
Surplus for dividend calculation purposes	520	–
Dividend calculated from surplus	260	–

(1) The reconciliation of sewerage assets performed in 2021-22 between the Technical Asset Register and Fixed Asset Register identified a number of found and disposed assets that had not been accounted for previously. The adjustment to revalued sewer assets also resulted in the reversal of the \$7.843M revaluation decrement reported at 30 June 2021. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council

Income Statement – Drainage

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 ¹ Category 1 Restated
Income from continuing operations		
Annual charges	15,610	15,008
Interest and investment income	65	29
Grants and contributions provided for operating purposes	62	242
Total income from continuing operations	15,737	15,279
Expenses from continuing operations		
Employee benefits and on-costs	1,591	1,465
Borrowing costs	477	568
Materials and services	5,169	7,059
Depreciation, amortisation and impairment	13,652	14,574
Net loss from the disposal of assets	–	35
Calculated taxation equivalents	77	74
Other expenses	32	–
Total expenses from continuing operations	20,998	23,775
Surplus (deficit) from continuing operations before capital amounts	(5,261)	(8,496)
Grants and contributions provided for capital purposes	2,403	11,967
Surplus (deficit) from continuing operations after capital amounts	(2,858)	3,471
Surplus (deficit) from all operations before tax	(2,858)	3,471
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(2,858)	3,471
Opening accumulated surplus	1,010,229	1,006,684
Adjustments for amounts unpaid:		
– Taxation equivalent payments	77	74
Closing accumulated surplus	1,007,448	1,010,229
Return on capital %	(0.4)%	(0.7)%
Subsidy from Council	49,121	24,613

(1) The reconciliation of drainage assets performed in 2021-22 between the Technical Asset Register and Fixed Asset Register at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment and Opening Accumulated Surplus.

Central Coast Council

Income Statement – Holiday Parks

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
User charges	10,682	11,583
Total income from continuing operations	10,682	11,583
Expenses from continuing operations		
Employee benefits and on-costs	260	181
Materials and services	7,445	8,239
Depreciation, amortisation and impairment	543	676
Net loss from the disposal of assets	53	30
Calculated taxation equivalents	284	285
Other expenses	468	663
Total expenses from continuing operations	9,053	10,074
Surplus (deficit) from continuing operations before capital amounts	1,629	1,509
Grants and contributions provided for capital purposes	10	–
Surplus (deficit) from continuing operations after capital amounts	1,639	1,509
Surplus (deficit) from all operations before tax	1,639	1,509
Less: corporate taxation equivalent (25%) [based on result before capital]	(407)	(392)
SURPLUS (DEFICIT) AFTER TAX	1,232	1,117
Opening accumulated surplus	32,328	28,928
Adjustments for amounts unpaid:		
– Taxation equivalent payments	284	285
– Corporate taxation equivalent	407	392
– Subsidy paid/contribution to operations	469	1,606
Closing accumulated surplus	34,720	32,328
Return on capital %	7.0%	7.5%
Subsidy from Council	–	–

Central Coast Council

Income Statement – Leisure Centres

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
User charges	4,501	6,450
Other income	363	467
Total income from continuing operations	4,864	6,917
Expenses from continuing operations		
Employee benefits and on-costs	5,127	6,470
Materials and services	3,905	3,419
Depreciation, amortisation and impairment	2,153	1,485
Net loss from the disposal of assets	7	–
Calculated taxation equivalents	451	506
Total expenses from continuing operations	11,643	11,880
Surplus (deficit) from continuing operations before capital amounts	(6,779)	(4,963)
Grants and contributions provided for capital purposes	–	570
Surplus (deficit) from continuing operations after capital amounts	(6,779)	(4,393)
Surplus (deficit) from all operations before tax	(6,779)	(4,393)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(6,779)	(4,393)
Opening accumulated surplus	41,658	38,372
Adjustments for amounts unpaid:		
– Taxation equivalent payments	451	506
– Subsidy payable/contribution to operations by Council	5,822	7,173
Closing accumulated surplus	41,152	41,658
Return on capital %	(14.2)%	(10.2)%
Subsidy from Council	8,527	5,685

Central Coast Council

Income Statement – Child Care

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
User charges	7,215	6,952
Grants and contributions provided for operating purposes	630	930
Other income	1	11
Total income from continuing operations	7,846	7,893
Expenses from continuing operations		
Employee benefits and on-costs	5,845	6,873
Borrowing costs	22	13
Materials and services	2,145	2,275
Depreciation, amortisation and impairment	376	158
Net loss from the disposal of assets	10	–
Calculated taxation equivalents	300	350
Total expenses from continuing operations	8,698	9,669
Surplus (deficit) from continuing operations before capital amounts	(852)	(1,776)
Grants and contributions provided for capital purposes	8	81
Surplus (deficit) from continuing operations after capital amounts	(844)	(1,695)
Surplus (deficit) from all operations before tax	(844)	(1,695)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(844)	(1,695)
Opening accumulated surplus	6,571	(828)
Plus/less: other adjustments (prior year subsidy payable by Council)	–	–
Adjustments for amounts unpaid:		
– Taxation equivalent payments	300	350
– Subsidy payable/contribution to operations by Council	873	8,744
Closing accumulated surplus	6,900	6,571
Return on capital %	(10.3)%	(22.1)%
Subsidy from Council	1,124	1,882

Central Coast Council

Income Statement – Commercial Waste

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
Annual charges	4,167	4,090
Interest and investment income	8	2
Total income from continuing operations	4,175	4,092
Expenses from continuing operations		
Employee benefits and on-costs	19	–
Materials and services	1,535	2,321
Other expenses	2,300	2,834
Total expenses from continuing operations	3,854	5,155
Surplus (deficit) from continuing operations before capital amounts	321	(1,063)
Surplus (deficit) from continuing operations after capital amounts	321	(1,063)
Surplus (deficit) from all operations before tax	321	(1,063)
Less: corporate taxation equivalent (25%) [based on result before capital]	(80)	–
SURPLUS (DEFICIT) AFTER TAX	241	(1,063)
Opening accumulated surplus	461	549
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	80	–
– Subsidy paid/contribution to operations	(807)	975
Closing accumulated surplus	(25)	461
Return on capital %	0.0%	0.0%
Subsidy from Council	–	1,063

Central Coast Council

Income Statement – Building Certification

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
Fees	866	1,960
Other income	4	7
Total income from continuing operations	870	1,967
Expenses from continuing operations		
Employee benefits and on-costs	2,153	3,481
Materials and services	901	1,153
Calculated taxation equivalents	52	99
Total expenses from continuing operations	3,106	4,733
Surplus (deficit) from continuing operations before capital amounts	(2,236)	(2,766)
Surplus (deficit) from continuing operations after capital amounts	(2,236)	(2,766)
Surplus (deficit) from all operations before tax	(2,236)	(2,766)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(2,236)	(2,766)
Opening accumulated surplus	(1,282)	(1,375)
Adjustments for amounts unpaid:		
– Taxation equivalent payments	52	99
– Subsidy payable/contribution to operations by Council	2,408	2,760
Closing accumulated surplus	(1,058)	(1,282)
Return on capital %	0.0%	0.0%
Subsidy from Council	2,236	2,766

Central Coast Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021 ¹ Restated
ASSETS		
Current assets		
Cash and cash equivalents	1,576	65
Investments	8,375	1,232
Receivables	19,060	20,673
Other	69	112
Total current assets	29,080	22,082
Non-current assets		
Investments	547	547
Receivables	227	230
Infrastructure, property, plant and equipment	1,394,454	1,332,369
Total non-current assets	1,395,228	1,333,146
Total assets	1,424,308	1,355,228
LIABILITIES		
Current liabilities		
Contract liabilities	62	7,188
Provisions	731	511
Payables	7,685	4,487
Borrowings	12,845	18,309
Employee benefit provisions	4,362	4,552
Total current liabilities	25,685	35,047
Non-current liabilities		
Contract liabilities	2,254	–
Provisions	1,102	851
Borrowings	130,174	137,345
Employee benefit provisions	–	189
Total non-current liabilities	133,530	138,385
Total liabilities	159,215	173,432
Net assets	1,265,093	1,181,796
EQUITY		
Accumulated surplus	948,500	945,656
IPPE revaluation reserves	316,593	236,140
Total equity	1,265,093	1,181,796

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register and revaluation of water supply assets during the current financial year for assets at 30 June 2021 identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021 ¹ Restated
ASSETS		
Current assets		
Cash and cash equivalents	9,631	9,301
Investments	51,165	51,059
Receivables	16,314	9,544
Other	69	110
Total current assets	77,179	70,014
Non-current assets		
Investments	78,734	78,734
Receivables	10,035	10,453
Infrastructure, property, plant and equipment	1,517,895	1,442,702
Total non-current assets	1,606,664	1,531,889
Total assets	1,683,843	1,601,903
LIABILITIES		
Current liabilities		
Contract liabilities	109	73
Provisions	1,025	1,231
Payables	6,054	2,451
Borrowings	3,080	10,947
Employee benefit provisions	4,383	4,086
Total current liabilities	14,651	18,788
Non-current liabilities		
Contract liabilities	944	1,005
Provisions	826	1,380
Borrowings	34,799	37,879
Employee benefit provisions	–	187
Total non-current liabilities	36,569	40,451
Total liabilities	51,220	59,239
Net assets	1,632,623	1,542,664
EQUITY		
Accumulated surplus	1,492,792	1,487,105
IPPE revaluation reserves	139,831	55,559
Total equity	1,632,623	1,542,664

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register, and revaluation of sewerage assets during the current financial year for assets at 30 June 2021, identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus.

Central Coast Council

Statement of Financial Position – Drainage

as at 30 June 2022

\$ '000	2022 Category 1	2021 ¹ Category 1 Restated
ASSETS		
Current assets		
Cash and cash equivalents	30	11
Investments	158	61
Receivables	2,947	1,613
Total current assets	3,135	1,685
Non-current assets		
Investments	95	95
Receivables	1	1
Infrastructure, property, plant and equipment	1,211,380	1,115,369
Intangible assets	–	1,703
Total non-current assets	1,211,476	1,117,168
Total assets	1,214,611	1,118,853
LIABILITIES		
Current liabilities		
Contract liabilities	227	109
Payables	1,626	891
Borrowings	26,423	28,331
Employee benefit provisions	98	74
Total current liabilities	28,374	29,405
Non-current liabilities		
Contract liabilities	1,304	1,260
Borrowings	7,398	8,118
Employee benefit provisions	–	4
Total non-current liabilities	8,702	9,382
Total liabilities	37,076	38,787
NET ASSETS	1,177,535	1,080,066
EQUITY		
Accumulated surplus	1,007,448	1,010,235
IPPE revaluation reserves	170,087	69,831
Total equity	1,177,535	1,080,066

(1) The reconciliation between the Technical Asset Register and Fixed Asset Register, and revaluation of drainage assets during the current financial year for assets at 30 June 2021, identified a number of found and disposed assets that had not been accounted for previously as well as changes to the previous year valuation. These have now been adjusted and have been restated in FY 2021 through Infrastructure, Property, Plant and Equipment, the Asset Revaluation Reserve and Opening Accumulated Surplus

Central Coast Council

Statement of Financial Position – Holiday Parks

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Investments	14,721	14,604
Receivables	107	162
Total current assets	14,828	14,766
Non-current assets		
Infrastructure, property, plant and equipment	23,221	20,036
Total non-current assets	23,221	20,036
Total assets	38,049	34,802
LIABILITIES		
Current liabilities		
Contract liabilities	1,992	1,723
Payables	1,279	713
Employee benefit provisions	58	38
Total current liabilities	3,329	2,474
Non-current liabilities		
Total non-current liabilities	–	–
Total liabilities	3,329	2,474
NET ASSETS	34,720	32,328
EQUITY		
Accumulated surplus	34,720	32,328
Total equity	34,720	32,328

Central Coast Council

Statement of Financial Position – Leisure Centres

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	–	–
Receivables	–	24
Total current assets	–	24
Non-current assets		
Infrastructure, property, plant and equipment	47,772	48,473
Total non-current assets	47,772	48,473
Total assets	47,772	48,497
LIABILITIES		
Current liabilities		
Contract liabilities	29	37
Payables	113	191
Employee benefit provisions	990	1,061
Total current liabilities	1,132	1,289
Non-current liabilities		
Employee benefit provisions	–	62
Total non-current liabilities	–	62
Total liabilities	1,132	1,351
NET ASSETS	46,640	47,146
EQUITY		
Accumulated surplus	41,152	41,658
IPPE Revaluation reserves	5,488	5,488
Total equity	46,640	47,146

Central Coast Council

Statement of Financial Position – Child Care

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Receivables	190	171
Total current assets	190	171
Non-current assets		
Right of use assets	415	–
Infrastructure, property, plant and equipment	8,044	7,986
Total non-current assets	8,459	7,986
Total assets	8,649	8,157
LIABILITIES		
Current liabilities		
Contract liabilities	60	153
Payables	96	223
Employee benefit provisions	1,123	1,142
Total current liabilities	1,279	1,518
Non-current liabilities		
Lease liabilities	470	–
Employee benefit provisions	–	68
Total non-current liabilities	470	68
Total liabilities	1,749	1,586
NET ASSETS	6,900	6,571
EQUITY		
Accumulated surplus	6,900	6,571
Total equity	6,900	6,571

Central Coast Council

Statement of Financial Position – Commercial Waste

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Receivables	112	690
Total current assets	112	690
Non-current assets		
Receivables	–	–
Total non-current assets	–	–
Total assets	112	690
LIABILITIES		
Current liabilities		
Contract liabilities	–	9
Payables	137	220
Total current liabilities	137	229
Non-current liabilities		
Total non-current liabilities	–	–
Total liabilities	137	229
NET ASSETS	(25)	461
EQUITY		
Accumulated surplus / (deficit)	(25)	461
Total equity	(25)	461

Central Coast Council

Statement of Financial Position – Building Certification

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
	-	-
Total current assets	<u>-</u>	<u>-</u>
Non-current assets		
	-	-
Total non-current assets	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Employee benefit provisions	1,058	1,242
Total current liabilities	<u>1,058</u>	<u>1,242</u>
Non-current liabilities		
Employee benefit provisions	-	40
Total non-current liabilities	<u>-</u>	<u>40</u>
Total liabilities	<u>1,058</u>	<u>1,282</u>
NET ASSETS	<u>(1,058)</u>	<u>(1,282)</u>
EQUITY		
Accumulated deficit	(1,058)	(1,282)
Total equity	<u>(1,058)</u>	<u>(1,282)</u>

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 (NSW)*, the *Local Government (General) Regulation 2005*, 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, current values 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

Provision of building certification services.

Note – Significant Accounting Policies (continued)

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 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 relevant corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to 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 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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 2022 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.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Central Coast Council

To the Administrator of Central Coast Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Central Coast Council's (the Council) Declared Business Activities, which comprise the Statement by Administrator and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Drainage
- Holiday Parks
- Leisure Centres
- Child Care
- Commercial Waste
- Building Certification

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules), and the general purpose financial statements of the Central Coast Council Water Supply Authority.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, I have separately expressed an opinion on the:

- general purpose financial statements and Special Schedule 'Permissible income for general rates' of the Council as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the *Government Sector Audit Act 1983*.

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

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

I have nothing to report in this regard.

The Administrator's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Caroline Karakatsanis
Delegate of the Auditor-General for New South Wales

28 February 2023
SYDNEY



Special Schedules

Central Coast Council

1 July 2021 to 30 June 2022

Central Coast Council

Special Schedules

for the year ended 30 June 2022

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Central Coast Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	175,459	202,333
Plus or minus adjustments ²	b	474	476
Notional general income	c = a + b	175,933	202,809
Permissible income calculation			
Special variation percentage ³	d	13.00%	0.00%
Rate peg percentage	e	2.00%	1.00%
Plus special variation amount	h = d x (c + g)	22,871	-
plus rate peg amount	i = e x (c + g)	3,519	2,028
Sub-total	k = (c + g + h + i + j)	202,323	204,837
Plus (or minus) last year's carry forward total	l	481	1,394
Less valuation objections claimed in the previous year	m	(9)	(1,378)
Sub-total	n = (l + m)	472	16
Total permissible income	o = k + n	202,795	204,853
Less notional general income yield	p	202,333	203,182
Catch-up or (excess) result	q = o - p	461	1,671
Plus income lost due to valuation objections claimed ⁴	r	1,378	1
Less unused catch-up ⁵	s	(445)	-
Carry forward to next year ⁶	t = q + r + s	1,394	1,672

Notes

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

Central Coast Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	1,761	1,761	19,294	4,204	518,800	918,779	15.0%	60.7%	23.3%	1.0%	0.0%
	Sub-total	1,761	1,761	19,294	4,204	518,800	918,779	15.0%	60.7%	23.3%	1.0%	0.0%
Other structures	Other structures	159	159	133	–	6,629	8,888	21.6%	55.4%	12.7%	10.2%	0.1%
	Sub-total	159	159	133	–	6,629	8,888	21.6%	55.4%	12.7%	10.2%	0.1%
Roads	Sealed roads	78,501	78,501	10,845	7,988	1,042,417	1,446,012	53.8%	25.5%	12.8%	2.9%	5.0%
	Unsealed roads	–	–	151	111	22,414	30,195	47.6%	42.6%	9.8%	0.0%	0.0%
	Bridges	2,820	2,820	1,423	1,048	42,720	71,144	8.9%	46.0%	37.5%	6.9%	0.7%
	Footpaths	3,968	3,968	5,032	3,706	150,755	251,588	13.4%	31.1%	52.5%	3.0%	0.0%
	Other road assets	12,094	12,094	7,055	5,197	422,238	705,524	14.8%	26.5%	55.5%	2.9%	0.3%
	Bulk earthworks	–	–	–	–	379,764	379,764	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	97,383	97,383	24,506	18,050	2,060,309	2,884,227	32.5%	23.6%	25.6%	2.6%	15.8%
Water supply network	Water supply network	29,872	29,872	32,337	12,626	1,301,964	2,368,038	5.0%	37.1%	51.4%	6.0%	0.5%
	Sub-total	29,872	29,872	32,337	12,626	1,301,453	2,368,038	5.0%	37.1%	51.4%	6.0%	0.5%
Sewerage network	Sewerage network	28,613	28,613	15,980	17,655	1,429,777	2,452,714	13.5%	21.4%	58.7%	6.3%	0.1%
	Sub-total	28,613	28,613	15,980	17,655	1,430,863	2,452,714	13.5%	21.4%	58.7%	6.3%	0.1%
Stormwater drainage	Stormwater drainage	13,155	13,155	8,525	3,286	1,172,008	1,704,934	19.2%	33.3%	45.7%	0.6%	1.2%
	Sub-total	13,155	13,155	8,525	3,286	1,172,008	1,704,934	19.2%	33.3%	45.7%	0.6%	1.2%
Open space / recreational assets	Swimming pools	35	35	281	718	7,412	9,366	0.0%	97.9%	0.0%	2.1%	0.0%
	Open Space/Recreational Assets	4,205	4,205	3,069	1,397	154,001	204,623	20.5%	57.1%	14.0%	7.1%	1.3%
	Sub-total	4,240	4,240	3,350	2,115	161,413	213,989	19.6%	58.9%	13.4%	6.9%	1.2%
Other infrastructure assets	Other	375	375	662	90	33,664	44,133	8.4%	75.1%	13.8%	1.8%	0.9%
	Sub-total	375	375	662	90	33,664	44,133	8.4%	75.1%	13.8%	1.8%	0.9%
Total – all assets		175,558	175,558	104,787	58,026	6,685,139	10,595,702	17.9%	31.8%	41.8%	3.8%	4.6%

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

Central Coast Council

Report on infrastructure assets as at 30 June 2022 (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 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator Restated 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	97,718	57.29%	122.60%	>= 100.00%
Depreciation, amortisation and impairment	170,581			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	175,558	2.63%	2.59%	< 2.00%
Net carrying amount of infrastructure assets	6,685,138			
Asset maintenance ratio				
Actual asset maintenance	58,026	55.38%	82.51%	> 100.00%
Required asset maintenance	104,787			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	175,558	1.66%	1.74%	
Gross replacement cost	10,595,702			

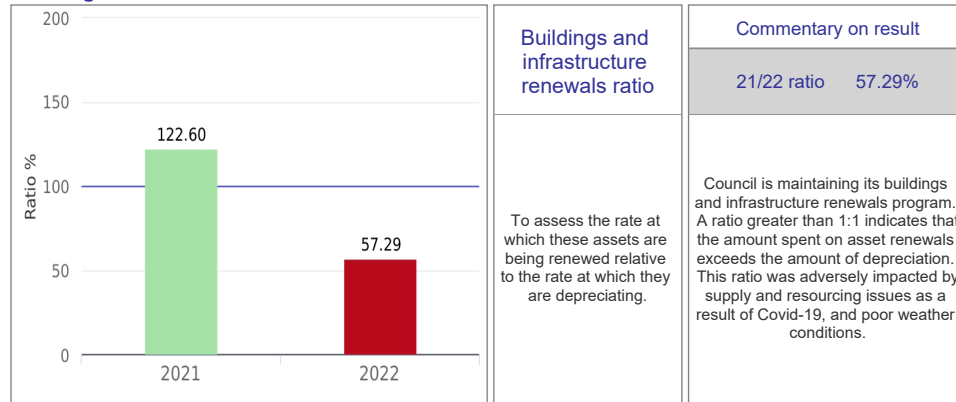
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2022

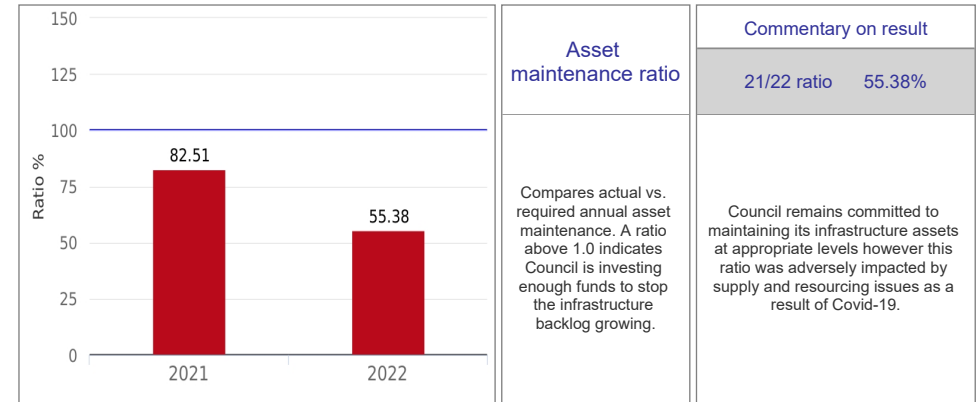
Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio	Commentary on result
	21/22 ratio 57.29%
<p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p> <p>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 supply and resourcing issues as a result of Covid-19, and poor weather conditions.</p>	

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting

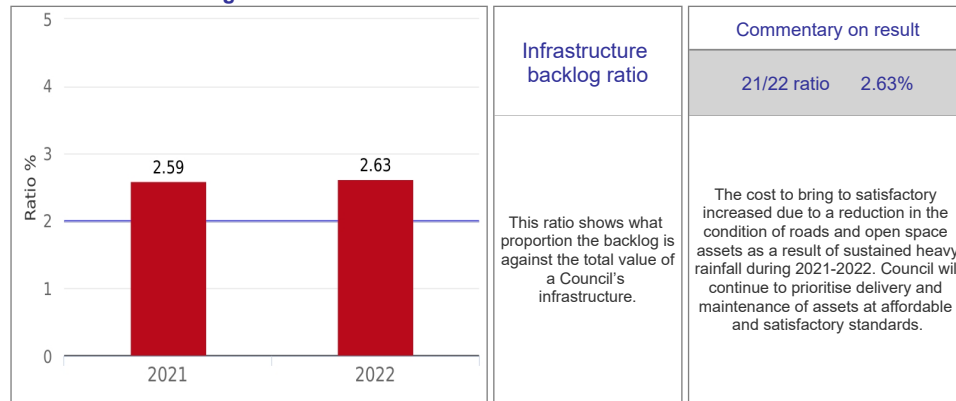
Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	21/22 ratio 55.38%
<p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p> <p>Council remains committed to maintaining its infrastructure assets at appropriate levels however this ratio was adversely impacted by supply and resourcing issues as a result of Covid-19.</p>	

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting

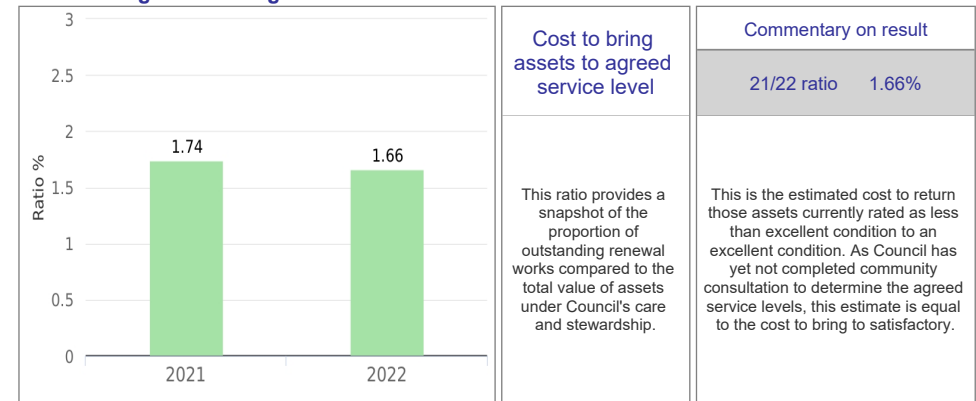
Infrastructure backlog ratio



Infrastructure backlog ratio	Commentary on result
	21/22 ratio 2.63%
<p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> <p>The cost to bring to satisfactory increased due to a reduction in the condition of roads and open space assets as a result of sustained heavy rainfall during 2021-2022. Council will continue to prioritise delivery and maintenance of assets at affordable and satisfactory standards.</p>	

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	21/22 ratio 1.66%
<p>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.</p> <p>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.</p>	

Central Coast Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	50.49%	210.38%	38.67%	0.00%	56.21%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.99%	1.89%	2.27%	5.78%	1.98%	1.71%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	49.78%	68.92%	38.75%	71.21%	106.63%	145.61%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.05%	1.37%	1.25%	3.72%	1.15%	1.00%	

(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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Central Coast Council

To the Administrator of Central Coast Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Central Coast Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Administrator is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements, Special Schedule 'Report on infrastructure assets as at 30 June 2022', and the general purpose financial statements of the Central Coast Council Water Supply Authority.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, I have separately expressed an opinion on the:

- general purpose financial statements and the special purpose financial statements of the Council as required by the *Local Government Act 1993*
- general purpose financial statements of the Central Coast Council Water Supply Authority as required by the *Government Sector Act 1983*.

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

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

I have nothing to report in this regard.

The Administrator' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Caroline Karakatsanis
Delegate of the Auditor-General for New South Wales

28 February 2023
SYDNEY