



# **EXTRAORDINARY AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING**

**13 September 2023**



# COMMUNITY STRATEGIC PLAN 2018-2028

**ONE – CENTRAL COAST IS THE COMMUNITY STRATEGIC PLAN (CSP) FOR THE CENTRAL COAST LOCAL GOVERNMENT AREA**

**ONE – CENTRAL COAST DEFINES THE COMMUNITY'S VISION AND IS OUR ROADMAP FOR THE FUTURE**

**ONE – CENTRAL COAST BRINGS TOGETHER EXTENSIVE COMMUNITY FEEDBACK TO SET KEY DIRECTIONS AND PRIORITIES**

One - Central Coast will shape and inform Council's business activities, future plans, services and expenditure. Where actions are the responsibility of other organisations, sectors and groups to deliver, Council will work with key partners to advocate on behalf of our community.

Ultimately, every one of us who live on the Central Coast has an opportunity and responsibility to create a sustainable future from which we can all benefit. Working together we can make a difference.

## RESPONSIBLE

**WE'RE A RESPONSIBLE COUNCIL AND COMMUNITY, COMMITTED TO BUILDING STRONG RELATIONSHIPS AND DELIVERING A GREAT CUSTOMER EXPERIENCE IN ALL OUR INTERACTIONS.**

We value transparent and meaningful communication and use community feedback to drive strategic decision making and expenditure, particularly around the delivery of essential infrastructure projects that increase the safety, liveability and sustainability of our region. We're taking a strategic approach to ensure our planning and development processes are sustainable and accessible and are designed to preserve the unique character of the coast.

 **Good governance and great partnerships**

**G2** Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making

There are 5 themes, 12 focus areas and 48 objectives

### COMMUNITY STRATEGIC PLAN 2018-2028 FRAMEWORK

All council reports contained within the Business Paper are now aligned to the Community Strategic Plan. Each report will contain a cross reference to a Theme, Focus Area and Objective within the framework of the Plan.

The infographic details the following structure:

- THEME: BELONGING**
  - Focus Area: OUR COMMUNITY (Objectives: G1, G2, G3, G4)
  - Focus Area: COMMUNITY GOVERNANCE AND LOCAL GOVERNANCE (Objectives: G5, G6)
- THEME: SMART**
  - Focus Area: A GROWING AND COMPETITIVE REGION (Objectives: C1, C2, C3, C4)
  - Focus Area: A PLACE OF OPPORTUNITY FOR PEOPLE (Objectives: O1, O2, O3, O4)
- THEME: GREEN**
  - Focus Area: ENVIRONMENTAL WELL-BEING FOR THE FUTURE (Objectives: E1, E2, E3, E4)
  - Focus Area: INCREASED RAIN WATER RESILIENCE (Objectives: R1, R2)
- THEME: RESPONSIBLE**
  - Focus Area: GOOD GOVERNANCE AND GREAT PARTNERSHIPS (Objectives: G1, G2, G3, G4)
  - Focus Area: BELONGING THROUGH INFRASTRUCTURE (Objectives: I1, I2, I3, I4)
  - Focus Area: SAFETY AND WELLBEING (Objectives: W1, W2, W3, W4)
- THEME: LIVEABLE**
  - Focus Area: RELIABLE PUBLIC TRANSPORT AND CONNECTIVITY (Objectives: T1, T2, T3, T4)
  - Focus Area: RUST AND RUSTLE (Objectives: R1, R2, R3, R4)
  - Focus Area: HEALTHY LIFESTYLES (Objectives: L1, L2, L3, L4)



# Meeting Notice

**The Extraordinary Audit, Risk and Improvement Committee  
Meeting  
of Central Coast Council  
will be held Remotely – Online,  
on Wednesday 13 September 2023 at 2.00pm,  
for the transaction of the business listed below:**

## **1 Procedural Items**

- 1.1 Acknowledgement of Country, apologies and welcome ..... 4
- 1.2 Disclosures of Interest..... 5

## **2 Reports**

- 2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast  
Council Water Supply Authority..... 7

Carl Millington  
**Chairperson**

## **1.1 ACKNOWLEDGEMENT OF COUNTRY, APOLOGIES AND WELCOME**

ARIC Chairperson

*We acknowledge the Traditional Custodians of the land on which we live, work and play. We pay our respects to Elders, past, present and emerging and recognise their continued connection to these lands and waterways.*

*We acknowledge our shared responsibility to care for and protect our place and people.*

**Item No:** 1.2  
**Title:** Disclosures of Interest  
**Department:** Corporate Services

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13 September 2023 Extraordinary Audit, Risk and Improvement  
Committee Meeting

Reference: F2021/00030 - D15747929

### **Recommendation**

- 1 *That the Committee note the standing declarations of current Committee members outlined in the table below.*
- 2 *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*
- 3 *That the Committee make a recommendation that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **Report Purpose**

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the Councillors and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

Section 451 of the LG Act states in part that:

- (1) *A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) *The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
  - (a) *at any time during which the matter is being considered or discussed by the council or committee, or*
  - (b) *at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) *For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because*

## 1.2 Disclosures of Interest (contd)

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*the Councillor or member has an interest in the matter of a kind referred to in section 448.*

Further, the [Code of Conduct](#) adopted by Council applies to all Councillors and Staff. The Code relevantly provides that if a Councillor or Staff member has a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflict of interests might be managed.

### Committee Members standing declarations

ARIC Member	Meeting Date	Disclosure of Interest
Carl Millington	13 July 2021 (noted outside of meeting) and 7 December 2022	Less than significant non-pecuniary interest as an Independent member on Randwick City Council and Penrith City Council and Woollahra Council. Audit, Risk and Improvement Committee.
Arthur Butler	24 June 2021	Less than significant non-pecuniary interest as a member of the Audit, Risk and Improvement Committee for the Hunter and Central Coast Development Corporation.
Peter McLean	14 September 2022	Less than significant non-pecuniary interest as Chair, Audit, Risk and Improvement Committee, Shoalhaven City Council and Goldenfields Water County Council, Independent member of the Audit, Risk and Improvement Committee at Federation Council and is a current Councillor for Camden Council.

### Attachments

Nil



**Item No:** 2.1  
**Title:** Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority  
**Department:** Corporate Services

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13 September 2023 Extraordinary Audit, Risk and Improvement Committee Meeting

Reference: F2022/01283 - D15842727  
Author: Michelle Best, Section Manager Financial Accounting and Assets  
Leslie Chan, Team Leader Financial Accounting  
Manager: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director Corporate Services

### **Recommendation**

- 1 That the Committee note the report on the draft Financial Statements for the period from 1 July 2022 to 30 June 2023.**
- 2 That the Committee recommends that Council refer the draft 2022-2023 Consolidated Financial Statements for Central Coast Council that include General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules to audit.**
- 3 That the Committee recommends that Council refer the 2022-2023 Central Coast Council Water Supply Authority General Purpose Financial Statements to audit.**
- 4 That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement committee Charter.**

*The information provided in this report is current as at 6 September 2023.*

### **Report purpose**

To consider the draft 2022-2023 unaudited Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority, including analysis of the financial position and financial performance for the reporting period.

### **Background**

The *Local Government Act 1993* ("LG Act") and the *Public Finance and Audit Act 1983* ("PF Act") require that Council prepare financial statements each year and refer them for audit. The requirement includes that:

- Council form an opinion on the financial statements

## **2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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- Council present its audited financial statements together with the external auditor's reports (scheduled to be presented to Council on 31 October 2023).

### **Adoption of financial statements**

The Financial Statements for the 2022-2023 reporting period are the formal record of the business performance of all Council activities and are prepared in accordance with accounting standards and legislative requirements for the period from 1 July 2022 to 30 June 2023.

In accordance with s. 413(1) of the LG Act, Council must prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of that year. Council is required to formally resolve to refer the draft financial reports to audit, to submit audited Financial Reports to the OLG by 31 October 2023 and formally present to the community the final reports complete with the auditor's reports no later than 5 December 2023 in accordance with s. 418(2) of the LG Act.

Council's external auditor, The Audit Office of New South Wales ("Audit Office") will sign-off and provide the formal audit opinion to Council. This is the standard practice and in accordance with legislative requirements.

### **Current Status**

#### **Audit Status**

Council's audit planning processes for 2022-2023 commenced with the Audit Office of NSW in May 2023 with business process walkthrough meetings held with staff across Council. The interim audit commenced on 5 June 2023 and progressed well. At the time of writing this report no formal report has been received on the outcomes of interim audit.

The final audit of Council's 2022-2023 Financial Statements is commencing on 18 September 2023.

Once Council receives the formal audit opinion the financial statements will then be updated to include the audit opinions and notice of public meeting to be held in accordance with Section 418 (2) of the Local Government Act 1993, at which time Council can invite the external auditor, Caroline Karakatsanis of the Audit Office, or her delegate to formally present the report.

### **Analysis of draft 2022-2023 Financial Statements**

This analysis provides an overview of the financial performance and the financial position of Central Coast Council for the reporting period from 1 July 2022 to 30 June 2023. All analysis in this report relate to the Consolidated Statements unless otherwise indicated.



## 2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

Key statements and notes detailed in this analysis include:

- Income Statement
- Statement of Financial Position
- Statement of Performance Measures (Note G5 to the Financial Statements)

Council's primary Financial Statements are in the format required by accounting standards and must conform to the provisions of the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) issued by the Office of Local Government (OLG).

In this report the General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules for the consolidated entity are referred to as "Consolidated Financial Statements".

This report provides commentary on significant items in the Financial Statements.

Note that there may be some small rounding differences throughout this report as whole dollars are rounded to the nearest \$0.1M.

### Comparison of 2022-2023 results to 2022-2023 Original Budget

Council is required to publish in the Consolidated Financial Statements for 2022-2023 the original budget adopted by Council for 2022-2023, in line with the Local Government Code of Accounting Practice and Financial Reporting 2022/23 issued in December 2022.

The below table compares the 2022-2023 actual results to the original budget adopted.

	2022-2023 Actual \$'000	2022-2023 Original Budget \$'000	Variance to Original Budget Favourable / (Unfavourable) \$'000
<b>Income Statement</b>			
Income from operations	665,617	597,690	67,927
Expenditure from operations	637,117	587,933	(49,184)
<b>Net operating result (excluding capital grants and contributions)</b>	<b>28,500</b>	<b>9,757</b>	<b>18,743</b>
Income from capital grants and contributions	118,053	75,883	42,170
<b>Net operating result (including capital grants and contributions)</b>	<b>146,553</b>	<b>85,640</b>	<b>60,913</b>

**2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

The variance between the actual net operating result (excluding capital grants and contributions) of \$28.5M surplus and the original budgeted net operating result (excluding capital grants and contributions) of \$9.8M surplus is an \$18.7M favourable variance. Details regarding variances are provided below.

**Income from Operations**

The following table reports income by category and is followed by explanations relating to variations between actual income to the original budget.

	2022-2023 Actual \$'000	2022-2023 Original Budget \$'000	Variance to Original Budget Favourable / (Unfavourable) \$'000	Variance to Original Budget Favourable / (Unfavourable) %
<b>Income from Operations</b>				
Rates and Annual Charges	389,286	390,335	(1,049)	(0.3%)
User Charges and Fees	164,980	145,542	19,438	13.4%
Interest and Investment Revenue	23,888	4,890	18,998	388.5%
Other Revenues	16,103	9,666	6,437	66.6%
Grants and Contributions - Operating	56,622	34,046	22,576	(66.3%)
Grants and Contributions - Capital	118,053	75,883	42,170	55.6%
Other Income	14,738	7,917	6,821	86.2%
Net Gain from disposal of assets	-	5,294	(5,294)	(100%)
<b>Total Income</b>	<b>783,670</b>	<b>673,573</b>	<b>110,097</b>	<b>16.3%</b>

*Rates and annual charges*

No material variance to original budget.

*User charges and fees*

The favourable variance of \$19.4M is largely attributable to 2022-2023 being a non-COVID affected financial year, resulting in increased revenue through increased utilisation of various recreational facilities by the community such as holiday parks and pools, resulting in higher fee revenue than budget.

*Interest and investment revenue*

The favourable variance of \$19.0M relates to the value of Council's investment portfolio and interest earnings from a high interest rate environment in 2022-2023.

*Other revenue*

The favourable variance of \$6.4M is largely attributable to the unrealised gains on investments from a high interest rate environment in 2022-2023 that was not included in the

**2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

original budget forecast. There was also an increase in fines income and one-off insurance recoveries.

*Grants and contributions - Operating*

The favourable variance of \$22.6M is largely attributable to the advance payment of the 2023-2024 Financial Assistance Grant being higher than originally budgeted, as well as increased grant amounts in roads and bridges funding.

*Grants and contributions - Capital*

The favourable variance of \$42.2M relates to assets donated and found during 2022-23. This includes \$11.5M in open space assets contributed by Public Works Authority, \$10.5M donated roads and drainage assets, and \$16.2M land and buildings recognised for the first time.

*Other Income*

The favourable variance of \$6.8M is attributable to increased ticketing income and community facilities rental income following a non-COVID affected financial year.

*Net gain from disposal of assets*

This amount should be compared with the net loss from disposal of assets as explained below. It is noted that in 2022 – 2023 the actual net impact of disposal of assets is offset in the Financial Statements and is shown as a net loss.

**Expenditure from Operations**

The following table reports expenditure by category and is followed by explanations relating to variations between actual expenses compared to the original budget.

	2022-2023 Original	2022-2023 Actual	Variance to Original Budget Favourable / (Unfavourable) \$'000	Variance to Original Budget Favourable / (Unfavourable) %
<b>Expenditure from Operations</b>				
Employee benefits and on-costs	180,750	184,873	(4,123)	(2.3%)
Borrowing costs	11,421	13,072	(1,651)	(14.5%)
Materials and services	198,729	204,252	(5,523)	(2.8%)
Depreciation and amortisation	158,781	176,601	(17,820)	(11.2%)
Other expenses	38,252	44,043	(5,791)	(15.1%)
Net loss from disposal of assets	-	14,276	(14,276)	(100%)
<b>Total Expenditure</b>	<b>587,933</b>	<b>637,117</b>	<b>(49,184)</b>	<b>(8.4%)</b>

## **2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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### *Employee costs*

This is mostly in line with original budget forecast, with a small unfavourable variance mainly attributable to an increase in employee leave entitlements and increased workers compensation payouts due to a higher number of work injury damage claims this financial year. These unfavourable impacts were partially offset with savings as a result of higher than expected vacancies.

### *Borrowing costs*

Unfavourable variance of (\$1.7M) mainly attributable to increased amortisation from the discounting of the tip remediation provision following a high CPI environment in 2022-2023.

### *Materials and services*

The small unfavourable variance is attributable to increased garbage collection costs and external plant hire.

### *Depreciation*

Unfavourable variance of (\$17.8M) is due to the impact of revaluation increments recognised in 2021-2022, after the 2022-23 Original Budget was determined. The increments increased the asset base substantially, which increased depreciation expense.

### *Other expenses*

Unfavourable variance of (\$5.8M) is largely attributable to fair value decrements from a high interest rate environment in 2022-2023 that was not included in the original budget forecast, as well as increased EPA waste levy costs.

### *Net loss from disposal of assets*

The unfavourable variance of (\$14.3M) is due to:

- Replacement of infrastructure assets earlier than anticipated (\$8.8M)
- Derecognition of land and buildings confirmed as no longer owned by Council (\$9.5M) as part of the operational land revaluation process
- Profit on sale of operational land \$3.9M

## **Comparison of 2022 – 2023 financial results to prior financial year**

The comparison of the financial performance for Council in the 2022-2023 Financial Statements (1 July 2022 to 30 June 2023) is to the 2021-2022 financial year (1 July 2021 to 30 June 2022).

### Operating Result

The operating surplus before capital grants and contributions for the 2022-2023 financial year is \$28.5M. The operating result including capital grants and contributions is a surplus of \$146.6M. The operating result before capital grants and contributions in 2022-2023 is \$12.0M less than the result in the prior year, however, still represents a good result.

## 2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

The below table compares the operating result for the 2022-2023 financial to the 2021-2022 financial year.

	2022-2023 Actual \$'000	2021-2022 Actual \$'000
Income from operations	665,617	603,204
Expenditure from operations	637,117	562,759
<b>Operating result for continuing operations (excluding capital grants and contributions)</b>	<b>28,500</b>	<b>40,445</b>
Income from capital grants and contributions	118,053	65,626
<b>Net operating result (including capital grants and contributions)</b>	<b>146,554</b>	<b>106,071</b>

### Statement of Financial Position

The Statement of Financial Position details the value of what Council owns ("assets") and what Council owes ("liabilities").

Within these headings, "Current" means an amount that is due to be realised within the next 12 months whilst "Non-current" indicates an asset or liability that is longer term in nature.

For the movement between financial years, a positive movement means that the values have increased from 30 June 2022 to 30 June 2023.

Statement of Financial Position	30 June 2023 \$'000	30 June 2022 \$'000	Movement \$'000
<b>Assets</b>			
Current Assets	446,102	306,699	139,403
Non-Current Assets	9,019,486	8,578,968	440,518
<b>Total Assets</b>	<b>9,465,588</b>	<b>8,885,667</b>	<b>579,921</b>
<b>Liabilities</b>			
Current Liabilities	290,669	190,633	100,036
Non-Current Liabilities	278,934	372,921	(93,987)
<b>Total Liabilities</b>	<b>569,603</b>	<b>563,554</b>	<b>6,049</b>
<b>Net Equity</b>	<b>8,895,985</b>	<b>8,322,113</b>	<b>573,872</b>

## 2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

### *Current assets*

Current assets increased by \$139.4M mainly due to a \$84.6M increase in current investments, an increase of \$24.5M in cash and cash equivalents, an increase of \$5.0M in non-current assets held for sale, and an increase of \$23.1M in receivables.

### *Non-current assets*

Non-current assets increased by \$440.5M mainly attributable to an increase in Infrastructure, Plant, Property and Equipment of \$442.7M. This has been offset by a decrease of (\$3.5M) in intangible assets.

### *Current Liabilities*

Current liabilities increased by (\$100.0M) mainly attributable to a (\$76.8M) increase in current borrowings (mostly attributable to a significant loan maturity in December 2023, that was shown as a non-current liability in the prior financial year) and a (\$15.2M) increase in contract liabilities.

### *Non-Current Liabilities*

Non-current liabilities decreased by \$94.0M due to reduction in non-current borrowings of \$104.2M, offset by a (\$7.3M) increase in non-current provisions from the tip remediation provision increase.

## Statement of Performance Measurement (Note G5)

Note G5 - Statement of Performance Measures, includes various indicators mandated by the Office of Local Government (OLG) and the applicable benchmark for all councils to assess their performance against.

Local Government Industry Indicators	2023	2022	OLG Benchmark	2023 Result
Operating Performance Ratio	6.25%	8.92%	> 0.00%	✓
Own Source Operating Revenue Ratio	77.57%	83.02%	> 60.00%	✓
Unrestricted Current Ratio	1.72x	1.73x	> 1.50	✓
Debt Service Cover Ratio	5.64x	3.98x	> 2.00x	✓
Rates, Annual Charges, Interest Outstanding Percentage	3.18%	4.75%	< 5.00%	✓
Cash Expense Cover Ratio	8.32 months	7.02 months	> 3 months	✓

*Operating Performance Ratio* - measures how well Council contained operating expenditure within operating revenue. Council has achieved this benchmark in 2022-2023.

*Own Source Operating Revenue Ratio* - measures Council's fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. Council's performance is significantly above the benchmark in 2022-2023.

## 2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)

*Unrestricted Current Ratio* – measures the adequacy of working capital and Council’s ability to satisfy obligations in the short term for the unrestricted activities of Council. Council has achieved this benchmark in 2022-2023.

*Debt Service Cover Ratio* - measures the availability of operating cash to service debt including interest, principal and lease payments. Council has achieved this ratio in 2022-2023 as the operating result before capital excluding interest and depreciation adequately covered loan principal repayments and borrowing costs.

*Rate and annual charges outstanding ratio* - assesses the impact of uncollected rates and annual charges on Council’s liquidity and the adequacy of debt recovery efforts. Council has achieved this ratio in 2022-2023 and shown a significant improvement from the prior year that was impacted by COVID and relaxation of collection activities.

*Cash Expense Cover Ratio* - this liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. Council’s performance is significantly above the benchmark in 2022-2023.

### Water Supply Authority (WSA) Financial Statements

#### Operating Result

The operating deficit before capital grants and contributions for the 2022-2023 financial year is (\$1.0M). The operating surplus including capital grants and contributions, is a surplus of \$33.6M. The operating result before capital grants and contributions in 2022-2023 shows improvement of \$9.0M on the prior year.

	2022-2023 Actual \$'000	2021-2022 Actual \$'000
Income from operations	201,431	166,003
Expenditure from operations	202,478	176,128
<b>Net operating result (excluding capital grants and contributions)</b>	<b>(1,047)</b>	<b>(10,125)</b>
Income from capital grants and contributions	34,645	15,879
<b>Net operating result (including capital grants and contributions)</b>	<b>33,598</b>	<b>5,754</b>

The below table compares the 2022-2023 actual results to the original budget.

**2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

	2022- 2023 Actual \$'000	2022- 2023 Original Budget \$'000	Variance to Original Budget Favourable / (Unfavourable) \$'000
<b>Income Statement</b>			
Income from operations	201,431	194,295	7,136
Expenditure from operations	202,478	170,633	(31,845)
<b>Net operating result (excluding capital grants and contributions)</b>	<b>(1,047)</b>	<b>23,662</b>	<b>(24,709)</b>
Income from capital grants and contributions	34,645	27,993	6,652
<b>Net operating result (including capital grants and contributions)</b>	<b>33,598</b>	<b>51,655</b>	<b>(18,057)</b>

**Income from Operations**

The following table reports income by category.

	2022-2023 Actual \$'000	2022-2023 Original Budget \$'000	Variance to Original Budget Favourable / (Unfavourable) \$'000	Variance to Original Budget Favourable / (Unfavourable) %
Annual Charges	106,386	106,899	(513)	(0.5%)
User Charges and Fees	87,644	84,897	2,747	3.2%
Interest and Investment Revenue	5,830	2,433	3,397	139.6%
Other Revenue	18	12	6	50.0%
Grants and Contributions - Operating	432	54	378	700.0%
Grants and Contributions - Capital	34,645	27,993	6,652	23.8%
Net Gain from disposal of assets	-	-	9	n/a
<b>Total Income</b>	<b>236,076</b>	<b>222,288</b>	<b>13,788</b>	<b>6.2%</b>



**2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

**Expenditure from Operations**

The following table reports expenditure by category.

	2022- 2023 Actual \$'000	2022- 2023 Original Budget \$'000	Variance to Original Budget Favourable / (Unfavourable) \$'000	Variance to Original Budget Favourable / (Unfavourable) %
<b>Expenditure from Operations</b>				
Employee benefits and on-costs	30,309	32,371	2,062	6.4%
Borrowing costs	9,435	8,265	(1,170)	(14.2%)
Materials and services	73,942	54,153	(19,789)	(36.5%)
Depreciation and amortisation	85,830	75,843	(9,987)	(13.2%)
Other expenses	755	-	(755)	(100.0%)
Net loss from disposal of assets	2,507	-	(2,507)	(100.0%)
<b>Total Expenditure</b>	<b>202,478</b>	<b>170,633</b>	<b>(31,845)</b>	<b>(18.7%)</b>

**Statement of Financial Position**

For the movement between financial years a positive movement means that the values have increased from 30 June 2022 to 30 June 2023.

	30 June 2023 \$'000	30 June 2022 \$'000	Movement \$'000
<b>Statement of Financial Position</b>			
<b>Assets</b>			
Current Assets	150,394	108,970	41,424
Non-Current Assets	4,475,656	4,206,171	269,485
<b>Total Assets</b>	<b>4,626,050</b>	<b>4,315,141</b>	<b>310,909</b>
<b>Liabilities</b>			
Current Liabilities	83,790	68,289	(15,501)
Non-Current Liabilities	155,598	171,603	16,005
<b>Total Liabilities</b>	<b>239,388</b>	<b>239,892</b>	<b>504</b>
<b>Net Equity</b>	<b>4,386,662</b>	<b>4,075,249</b>	<b>311,413</b>

### **Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

The audit of Council's General Purpose financial report, Special Purpose financial report, Special Schedules and Council's Water Supply Authority financial report will be undertaken by the Audit Office at an agreed engagement fee which is included in Council's budget.

### **Link to Community Strategic Plan**

Theme 4: Responsible

#### **Goal G: Good governance and great partnerships**

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

### **Risk Management**

Council has worked with the Audit Office of New South Wales to meet our legislative reporting requirements.

The Financial Statements are audited by the Audit Office of New South Wales who, amongst other things, form an opinion on the Financial Statements whether:

- 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; and

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

## 2.1 **Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority (contd)**

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- Present fairly, in all material respects, the financial position of the Council as at 30 June 2023, 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









### **Options**

The referral of the draft 2022-2023 Financial Reports to audit is a legislative requirement.

### **Critical Dates or Timeframes**

Council must refer the draft 2022-2023 Financial Reports before the External Auditor will provide their formal opinion to enable Council to lodge the 2022-2023 Financial Reports for Central Coast Council with the Office of Local Government by 31 October 2023.

### **Attachments**

1	 	2023 Financial Statements - GPFS	D15847585
2	 	2023 Financial Statements - SPFS	D15847591
3	 	2023 Financial Statements - Water Supply Authority	D15847594
4	 	2023 Financial Statements - Special Schedule	D15847598

# Central Coast Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*A vibrant and sustainable Central Coast*



## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2023

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Contents	Page
<b>Statement by Administrator and Management</b>	<b>3</b>
<b>Primary Financial Statements:</b>	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	93
On the Financial Statements (Sect 417 [3])	94

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

## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2023

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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 31 October 2023.

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Rik Hart  
Administrator  
31 October 2023

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David Farmer  
Chief Executive Officer  
31 October 2023

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Emma Galea  
Responsible Accounting Officer

Central Coast Council | Income Statement | for the year ended 30 June 2023

## Central Coast Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>				
390,335	Rates and annual charges	B2-1	<b>389,286</b>	365,780
145,542	User charges and fees	B2-2	<b>164,980</b>	140,237
9,666	Other revenues	B2-3	<b>16,103</b>	12,740
34,046	Grants and contributions provided for operating purposes	B2-4	<b>56,622</b>	47,717
75,883	Grants and contributions provided for capital purposes	B2-4	<b>118,053</b>	65,626
4,890	Interest and investment income	B2-5	<b>23,888</b>	7,118
7,917	Other income	B2-6	<b>14,738</b>	8,025
5,294	Net gain from the disposal of assets	B4-1	<b>-</b>	21,587
<b>673,573</b>	<b>Total income from continuing operations</b>		<b>783,670</b>	<b>668,830</b>
<b>Expenses from continuing operations</b>				
180,750	Employee benefits and on-costs	B3-1	<b>184,873</b>	162,831
198,729	Materials and services	B3-2	<b>204,252</b>	165,542
11,421	Borrowing costs	B3-3	<b>13,072</b>	14,588
158,781	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>176,601</b>	169,041
38,252	Other expenses	B3-5	<b>44,043</b>	50,757
-	Net loss from the disposal of assets	B4-1	<b>14,276</b>	-
<b>587,933</b>	<b>Total expenses from continuing operations</b>		<b>637,117</b>	<b>562,759</b>
<b>85,640</b>	<b>Operating result from continuing operations</b>		<b>146,553</b>	<b>106,071</b>
<b>85,640</b>	<b>Net operating result for the year attributable to Council</b>		<b>146,553</b>	<b>106,071</b>
<b>9,758</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>28,500</b>	<b>40,445</b>

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 2023

## Central Coast Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>146,553</b>	106,071
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequent to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>427,319</u>	<u>689,669</u>
<b>Total other comprehensive income for the year</b>		<b><u>427,319</u></b>	<b><u>689,669</u></b>
<b>Total comprehensive income for the year attributable to Council (restated)</b>		<b><u>573,872</u></b>	<b><u>795,740</u></b>

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



Central Coast Council | Statement of Financial Position | for the year ended 30 June 2023

## Central Coast Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	79,523	55,009
Investments	C1-2	248,590	164,034
Receivables	C1-4	89,794	66,678
Inventories	C1-5	1,593	1,509
Non-current assets classified as 'held for sale'	C1-7	20,677	15,702
Other	C1-10	5,925	3,767
<b>Total current assets</b>		<b>446,102</b>	<b>306,699</b>
<b>Non-current assets</b>			
Investments	C1-2	432,443	433,094
Receivables	C1-4	2,806	3,348
Infrastructure, property, plant and equipment (IPPE)	C1-8	8,558,523	8,115,820
Intangible assets	C1-9	19,454	22,942
Right of use assets	C2-1	5,597	3,060
Other	C1-10	663	704
<b>Total non-current assets</b>		<b>9,019,486</b>	<b>8,578,968</b>
<b>Total assets</b>		<b>9,465,588</b>	<b>8,885,667</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	88,774	83,198
Contract liabilities	C3-2	32,517	17,317
Lease liabilities	C2-1	487	331
Borrowings	C3-3	104,245	27,484
Employee benefit provisions	C3-4	57,978	53,333
Provisions	C3-5	6,668	8,970
<b>Total current liabilities</b>		<b>290,669</b>	<b>190,633</b>
<b>Non-current liabilities</b>			
Contract liabilities	C3-2	7,348	7,279
Lease liabilities	C2-1	5,877	2,963
Borrowings	C3-3	181,619	285,864
Provisions	C3-5	84,090	76,815
<b>Total non-current liabilities</b>		<b>278,934</b>	<b>372,921</b>
<b>Total liabilities</b>		<b>569,603</b>	<b>563,554</b>
<b>Net assets</b>		<b>8,895,985</b>	<b>8,322,113</b>
<b>EQUITY</b>			
Accumulated surplus		7,257,980	7,111,427
IPPE revaluation reserve	C4-1	1,638,005	1,210,686
<b>Total equity</b>		<b>8,895,985</b>	<b>8,322,113</b>

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

Central Coast Council | Statement of Changes in Equity | for the year ended 30 June 2023

Central Coast Council

Statement of Changes in Equity  
for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
<b>\$ '000</b>							
Opening balance at 1 July		7,111,427	1,210,686	8,322,113	7,005,356	521,017	7,526,373
<b>Restated opening balance</b>		<b>7,111,427</b>	<b>1,210,686</b>	<b>8,322,113</b>	<b>7,005,356</b>	<b>521,017</b>	<b>7,526,373</b>
Net operating result for the year		146,553	–	146,553	106,071	–	106,071
<b>Restated net operating result for the period</b>		<b>146,553</b>	<b>–</b>	<b>146,553</b>	<b>106,071</b>	<b>–</b>	<b>106,071</b>
<b>Other comprehensive income</b>							
– Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	427,319	427,319	–	689,669	689,669
<b>Total comprehensive income</b>		<b>146,553</b>	<b>427,319</b>	<b>573,872</b>	<b>106,071</b>	<b>689,669</b>	<b>795,740</b>
<b>Restated closing balance at 30 June</b>		<b>7,257,980</b>	<b>1,638,005</b>	<b>8,895,985</b>	<b>7,111,427</b>	<b>1,210,686</b>	<b>8,322,113</b>

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

Central Coast Council | Statement of Cash Flows | for the year ended 30 June 2023

**Central Coast Council****Statement of Cash Flows**

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
389,507	Rates and annual charges		380,240	371,564
144,520	User charges and fees		164,456	136,902
4,890	Interest received		20,420	7,265
109,929	Grants and contributions		137,852	103,149
–	Bonds, deposits and retentions received		162	–
19,243	Other (includes rental income)		21,549	44,404
<i>Payments:</i>				
(178,035)	Payments to employees		(176,629)	(165,099)
(198,672)	Payments for materials and services		(200,393)	(164,423)
(10,282)	Borrowing costs		(10,534)	(12,772)
–	Bonds, deposits and retentions refunded		–	(1,138)
(38,252)	Other (includes EPA levy)		(37,977)	(52,558)
242,848	<b>Net cash flows from operating activities</b>	G1-1	<b>299,146</b>	<b>267,294</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
80,000	Sale of investments		294,000	241,255
24,940	Proceeds from sale of IPPE and non-current assets held for sale		9,309	60,603
<i>Payments:</i>				
(130,000)	Purchase of investments		(375,490)	(432,771)
(176,509)	Payments for IPPE		(174,552)	(113,441)
–	Purchase of intangible assets		–	576
(201,569)	<b>Net cash flows from investing activities</b>		<b>(246,733)</b>	<b>(243,778)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	5,728
<i>Payments:</i>				
(27,484)	Repayment of borrowings		(27,484)	(39,593)
–	Principal component of lease payments		(415)	(351)
(27,484)	<b>Net cash flows from financing activities</b>		<b>(27,899)</b>	<b>(34,216)</b>
13,795	<b>Net change in cash and cash equivalents</b>		<b>24,514</b>	<b>(10,700)</b>
54,856	Plus: cash and cash equivalents at beginning of year		55,009	65,709
68,651	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>79,523</b>	<b>55,009</b>

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

## Central Coast Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2023

<b>A About Council and these financial statements</b>	<b>11</b>
A1-1 Basis of preparation	11
<b>B Financial Performance</b>	<b>13</b>
<b>B1 Functions or activities</b>	<b>13</b>
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
<b>B2 Sources of income</b>	<b>15</b>
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
<b>B3 Costs of providing services</b>	<b>22</b>
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
<b>B4 Gains or losses</b>	<b>26</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
<b>B5 Performance against budget</b>	<b>27</b>
B5-1 Material budget variations	27
<b>C Financial position</b>	<b>29</b>
<b>C1 Assets we manage</b>	<b>29</b>
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	33
C1-5 Inventories	34
C1-6 Contract assets and Contract cost assets	34
C1-7 Non-current assets classified as held for sale	34
C1-8 Infrastructure, property, plant and equipment	35
C1-9 Intangible assets	39
C1-10 Other	39
<b>C2 Leasing activities</b>	<b>41</b>
C2-1 Council as a lessee	41
C2-2 Council as a lessor	43
<b>C3 Liabilities of Council</b>	<b>45</b>
C3-1 Payables	45
C3-2 Contract Liabilities	46
C3-3 Borrowings	47

## Central Coast Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2023

C3-4 Employee benefit provisions	49
C3-5 Provisions	49
<b>C4 Reserves</b>	<b>52</b>
C4-1 Nature and purpose of reserves	52
<b>D Council structure</b>	<b>53</b>
<b>D1 Results by fund</b>	<b>53</b>
D1-1 Income Statement by fund	53
D1-2 Statement of Financial Position by fund	54
D1-3 Details of internal loans	55
<b>D2 Interests in other entities</b>	<b>56</b>
D2-1 Subsidiaries	56
<b>E Risks and accounting uncertainties</b>	<b>58</b>
E1-1 Risks relating to financial instruments held	58
E2-1 Fair value measurement	61
E3-1 Contingencies	71
<b>F People and relationships</b>	<b>74</b>
<b>F1 Related party disclosures</b>	<b>74</b>
F1-1 Key management personnel (KMP)	74
F1-2 Councillor, Mayoral and Administrator fees and associated expenses	75
F1-3 Other related parties	76
<b>F2 Other relationships</b>	<b>77</b>
F2-1 Audit fees	77
<b>G Other matters</b>	<b>78</b>
G1-1 Statement of Cash Flows information	78
G2-1 Commitments	79
G3-1 Events occurring after the reporting date	79
<b>G4 Statement of developer contributions</b>	<b>80</b>
G4-1 Summary of developer contributions	80
G4-2 Developer contributions by plan	81
G4-3 Contributions not under plans	89
<b>G5 Statement of performance measures</b>	<b>90</b>
G5-1 Statement of performance measures – consolidated results	90
G5-2 Statement of performance measures by fund	91

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 31 October 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 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **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.

### **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

## A1-1 Basis of preparation (continued)

### 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
- 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 2023 reporting period.

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

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

### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Responsible	703,977	595,314	483,220	429,499	220,757	165,815	136,798	76,933	8,712,850	8,199,954
Liveable	47,077	30,208	94,156	69,561	(47,079)	(39,353)	25,820	10,782	621,819	572,111
Belonging	5,889	3,544	18,576	20,443	(12,687)	(16,899)	733	269	46,882	42,992
Smart	22,546	36,700	24,663	19,580	(2,117)	17,120	9,728	6,535	63,675	52,707
Green	4,172	3,064	16,509	23,676	(12,337)	(20,612)	1,596	18,824	20,362	17,903
<b>Total functions and activities</b>	<b>783,661</b>	<b>668,830</b>	<b>637,124</b>	<b>562,759</b>	<b>146,537</b>	<b>106,071</b>	<b>174,675</b>	<b>113,343</b>	<b>9,465,588</b>	<b>8,885,667</b>



## B1-2 Components of functions or activities

---

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

### Responsible

- Governance
- Partnerships - Plans into practice
- Communicate with community
- Engage with community
- Serve the community
- Delivering essential Infrastructure (roads, carparks, energy, water, telecommunications)

### Liveable

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

### Belonging

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

### Smart

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

### Green

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

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

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	173,191	171,594
Farmland	912	900
Mining	2,300	2,373
Business	24,791	24,405
Less: pensioner rebates (State Government funded)	(2,179)	(2,206)
Less: pensioner rebates (Council funded)	(1,779)	(1,806)
<b>Rates levied to ratepayers</b>	<b>197,236</b>	<b>195,260</b>
Pensioner rate subsidies received	2,140	2,236
<b>Total ordinary rates</b>	<b>199,376</b>	<b>197,496</b>
<b>Special rates</b>		
Town improvement	1,531	1,519
Parking	221	219
Tourism / business development	1,086	1,078
<b>Total special rates</b>	<b>2,838</b>	<b>2,816</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	77,970	77,126
Water supply services	23,265	12,991
Sewerage services	65,478	58,222
Drainage	18,823	15,557
Waste management services (not-domestic)	3,817	3,736
Section 611 charges	91	116
Liquid trade waste	585	307
Less: pensioner rebates (State Government funded)	(3,316)	(3,292)
Less: pensioner rebates (Council funded)	(2,712)	(2,773)
<b>Annual charges levied</b>	<b>184,001</b>	<b>161,990</b>
Pensioner annual charges subsidies received:		
– Water	1,028	1,167
– Sewerage	881	1,178
– Domestic waste management	1,162	1,133
<b>Total annual charges</b>	<b>187,072</b>	<b>165,468</b>
<b>Total rates and annual charges</b>	<b>389,286</b>	<b>365,780</b>

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

**Accounting policy**

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

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

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	2023	2022
<b>User charges</b>		
Water supply services	61,439	54,789
Sewerage services	18,481	16,371
Waste management services (other)	67	36
Liquid trade waste	2,821	2,563
<b>Total user charges</b>	<b>82,808</b>	<b>73,759</b>
<b>Fees</b>		
Building services – other	1,189	1,620
Development applications	5,507	4,192
Inspection services	724	349
Private works – section 67	409	274
Registration fees	340	223
Regulatory/statutory fees	180	235
Rezoning fees	234	214
Section 10.7 certificates (EP&A Act)	1,028	1,001
Other	348	389
Section 603 certificates	594	758
Town planning	–	169
Aerodrome	61	41
Camping ground	813	557
Child care	8,088	7,214
Companion animals	317	401
Engineering design fees	711	1,117
Holiday parks	12,505	10,682
On site sewer management (OSSM)	665	540
Parking fees	505	287
Parks and recreation	677	590
Sewerage Connection Income	501	469
Swimming centres	4,847	2,792
Theatres	1,020	508
Tipping fees	24,583	22,089
Transport for NSW works (state roads not controlled by Council)	12,629	6,829
Other	2,708	1,859
Water connection fees	989	1,079
<b>Total fees</b>	<b>82,172</b>	<b>66,478</b>
<b>Total user charges and fees</b>	<b>164,980</b>	<b>140,237</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	–	–
User charges and fees recognised at a point in time	164,980	140,237
<b>Total user charges and fees</b>	<b>164,980</b>	<b>140,237</b>

**Accounting policy**

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

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

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	2023	2022
Fines – parking	735	2,662
Landfill sale of scrap metal	1,318	1,420
Fines – other	2,832	1,220
Sales – general	1,077	1,200
Event revenue	2,913	1,042
Insurance claims recoveries	1,894	1,575
Legal fees recovery – other	257	586
Diesel rebate	553	389
Cemetery income	290	359
Recreation	–	265
Landfill gas royalty payment	508	342
Arts centre	2	58
Section 355 Committee income	15	129
Other	3,709	1,608
COVID-19 waivers and refunds	–	(115)
<b>Total other revenue</b>	<b>16,103</b>	<b>12,740</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	16,103	12,740
<b>Total other revenue</b>	<b>16,103</b>	<b>12,740</b>

**Accounting policy for other revenue**

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

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

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

Central Coast Council | Notes to the Financial Statements 30 June 2023

**B2-4 Grants and contributions**

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	5,853	11,416	–	–
Financial assistance – local roads component	1,387	2,430	–	–
<b>Payment in advance - future year allocation <sup>1</sup></b>				
Financial assistance – general component	24,978	17,528	–	–
Financial assistance – local roads component	5,496	3,749	–	–
<b>Amount recognised as income during current year</b>	<b>37,714</b>	<b>35,123</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Aged and disabled	27	33	–	–
Bushfire and emergency services	3,549	1,694	82	61
Child care	375	498	154	8
Community care	428	20	–	–
Employment and training programs	207	149	–	–
Environmental programs	3,347	1,796	399	154
Heritage and cultural	16	–	–	–
Library	993	941	441	1,002
LIRS subsidy	52	136	–	–
Recreation and culture	–	–	–	87
Recreational facilities	330	41	3,925	4,861
Roads and bridges	–	–	18,980	19,049
Roadworks	19	66	–	9
Sewerage (excl. section 64 contributions)	–	–	–	138
Street lighting	1,006	986	–	–
Transport (roads to recovery)	–	–	2,772	2,772
Transport for NSW contributions (regional roads, block grant)	3,901	3,772	–	–
Transport (other roads and bridges funding)	1,542	123	2,420	2,475
Vehicle contributions by employees	1,914	1,776	–	–
Water / Sewer Infrastructure	–	–	18,420	5,665
Water supplies (excl. section 64 contributions)	–	–	–	45
Youth services	50	44	–	–
Other	1,152	519	1,188	295
<b>Non-cash contributions</b>				
Donated and/or found assets	–	–	39,822	7,661
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>18,908</b>	<b>12,594</b>	<b>88,603</b>	<b>44,282</b>
<b>Total grants and non-developer contributions</b>	<b>56,622</b>	<b>47,717</b>	<b>88,603</b>	<b>44,282</b>
<b>Comprising:</b>				
– Commonwealth funding	39,839	36,777	17,409	16,009
– State funding	14,349	8,769	31,275	19,820
– Other funding	2,434	2,171	39,919	8,453
	<b>56,622</b>	<b>47,717</b>	<b>88,603</b>	<b>44,282</b>

(1) The 2023 - 2024 Financial Assistance Grant from Commonwealth Government totalling \$30.474M was received by Council during the current financial year and hence is reported as 2022 - 2023 income although it relates to 2023 - 2024 financial year.

**B2-4 Grants and contributions (continued)****Developer contributions**

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services	G4	-	-	23	431
S 7.12 – fixed development consent levies		-	-	1,164	2,254
S 64 – water supply contributions		-	-	3,325	4,705
S 64 – sewerage service contributions		-	-	2,851	2,293
Other developer contributions		-	-	572	341
S 7.11 – stormwater contributions		-	-	2,677	1,151
S 7.11 – roadworks		-	-	5,905	3,204
S 7.11 – open space		-	-	7,105	3,770
S 7.11 – community facilities		-	-	4,093	2,568
<b>Non-cash contributions</b>					
S 64 – sewerage service contributions		-	-	720	334
S 64 – water supply contributions		-	-	1,015	293
<b>Total developer contributions</b>	G4	<b>-</b>	<b>-</b>	<b>29,450</b>	<b>21,344</b>
<b>Total grants and contributions</b>		<b>56,622</b>	<b>47,717</b>	<b>118,053</b>	<b>65,626</b>
<b>Timing of revenue recognition</b>					
Grants and contributions recognised over time		12,665	7,331	6,794	57,964
Grants and contributions recognised at a point in time		43,957	40,386	111,259	7,662
<b>Total grants and contributions</b>		<b>56,622</b>	<b>47,717</b>	<b>118,053</b>	<b>65,626</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Grants</b>				
Unspent funds at 1 July	6,716	4,223	8,852	10,736
<b>Add:</b> Funds received and not recognised as revenue in the current year	7,938	4,006	16,069	5,399
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(3,944)	(1,513)	(4,524)	(7,283)
<b>Unspent funds at 30 June</b>	<b>10,710</b>	<b>6,716</b>	<b>20,397</b>	<b>8,852</b>
<b>Contributions</b>				
Unspent funds at 1 July	701	490	200,990	185,634
<b>Add:</b> contributions received and not recognised as revenue in the current year	146	304	35,719	23,141
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(162)	(93)	(10,348)	(7,785)
<b>Unspent funds at 30 June</b>	<b>685</b>	<b>701</b>	<b>226,361</b>	<b>200,990</b>

### Accounting policy

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

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

The performance obligations vary according to the agreement 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	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	1,633	1,456
– Cash and investments	22,255	5,660
Other	–	2
<b>Total interest and investment income</b>	<b>23,888</b>	<b>7,118</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Rental income</b>			
Properties not held for investment		5,190	5,129
Room/Facility Hire		4,154	2,666
Outdoor space		264	154
Other		145	76
<b>Total rental income</b>	C2-2	<b>9,753</b>	<b>8,025</b>
Fair value increment on investments through profit and loss		4,985	–
<b>Total other income</b>		<b>14,738</b>	<b>8,025</b>



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

\$ '000	2023	2022
Salaries and wages	130,187	131,367
Employee termination costs	3,254	1,191
Employee leave entitlements	37,274	20,729
Superannuation	16,687	15,846
Workers Compensation	6,195	2,252
Fringe benefit tax (FBT)	76	184
Payroll tax	1,908	2,005
<b>Total employee costs</b>	<b>195,581</b>	<b>173,574</b>
Less: capitalised costs	(10,708)	(10,743)
<b>Total employee costs expensed</b>	<b>184,873</b>	<b>162,831</b>

**Accounting policy**

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

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

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

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

Central Coast Council | Notes to the Financial Statements 30 June 2023

**B3-2 Materials and services**

\$ '000	Notes	2023	2022
Raw materials and consumables		19,920	14,509
Contractor costs		77,462	40,883
Contract costs Garbage collection		33,760	31,250
Contract costs Green waste processing		6,621	5,456
Contract costs Corporate systems		–	3,169
Contract costs Agency hire		4,574	2,262
Contract costs Roads		–	10,583
Audit Fees	F2-1	1,108	751
<b>Previously other expenses:</b>			
Advertising		569	628
Bank charges		1,342	1,496
Commissions		4,961	4,412
Computer software charges		11,044	11,208
Election expenses		6	140
Councillor, Mayoral and Administrator fees and associated expenses	F1-2	337	320
Electricity and heating		15,366	11,672
Events and promotions		2,424	1,807
Gas charges		370	506
Insurance		4,663	4,715
Licences		1,268	1,427
Planning NSW development application fees		775	774
Postage		1,143	1,145
Printing and stationery		767	648
Street lighting		4,766	4,482
Subscriptions and publications		632	684
Telephone and communications		1,566	1,089
Tip rehabilitation provision adjustment		738	3,021
Travel expenses		70	41
Training costs		1,067	950
Valuer general fees		991	886
Vehicle registrations		942	754
Other expenses		3,456	2,167
<b>Legal expenses:</b>			
– Legal expenses: other		431	396
Expenses from Peppercorn leases		5	35
Expenses from short-term leases		1,085	368
Expenses from leases of low value assets		14	908
Variable lease expenses relating to usage		9	–
<b>Total materials and services</b>		<b>204,252</b>	<b>165,542</b>

**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 2023.

**B3-3 Borrowing costs**

\$ '000	Notes	2023	2022
Interest on leases		283	153
Interest on overdraft		2	–
Interest on loans		10,088	11,390
Interest on other debts		166	101
Amortisation of discounts and premiums			
- Floating Rate Notes		–	1,647
Remediation liabilities	C3-5	2,533	1,297
<b>Total borrowing costs expensed</b>		<b>13,072</b>	<b>14,588</b>

**Accounting policy**

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

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

Plant and equipment		7,632	8,112
Office equipment		2,275	2,809
Furniture and fittings		1,313	1,269
Land improvements (depreciable)		1,018	2,032
<b>Infrastructure:</b>	C1-8		
- Buildings – specialised		14,449	13,142
- Other structures		489	3,126
- Roads		37,999	33,165
- Bridges		855	773
- Footpaths		3,535	3,152
- Stormwater drainage		13,349	11,924
- Water supply network		34,641	29,591
- Sewerage network		36,355	33,396
- Swimming pools		544	951
- Other open space/recreational assets		12,051	4,639
- Other infrastructure		2,040	2,433
<b>Other assets:</b>			
- Library books		770	807
- Other		145	236
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Tip assets	C3-5,C1-8	2,702	2,242
<b>Right of use assets</b>	C2-1	948	507
<b>Intangible assets</b>	C1-9	3,488	3,103
<b>Total depreciation and amortisation costs</b>		<b>176,598</b>	<b>157,409</b>

**Impairment / revaluation decrement/(increment) of IPPE**

Plant and equipment		–	350
Office equipment		–	1
Furniture and fittings		3	–
Land improvements (depreciable)		–	5,426
<b>Infrastructure:</b>	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
<b>Total impairment costs charged to Income Statement (IPPE)</b>		<b>3</b>	<b>11,632</b>

**Total depreciation, amortisation and impairment for non-financial assets**

<b>176,601</b>	<b>169,041</b>
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continued on next page ...

Page 24 of 94

### 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	2023	2022
<b>Impairment of receivables</b>		
Sundry debtors and other charges	956	1,345
<b>Fair value decrement on investments</b>		
Fair value decrement on investments through profit and loss	2,570	13,097
<b>Other expenses</b>		
Contributions/levies to other levels of government		
– NSW Fire and rescue levy	3,334	2,919
– NSW rural fire service levy	2,055	1,539
– Waste levy	31,093	28,533
– Holiday Park levy	601	504
– NSW State emergency services levy	926	504
Donations, Contributions and assistance to other organisations (Section 356)		
– The Art House	1,051	970
– Surf Life Saving Clubs	214	214
– Community grants	956	684
– Other contributions and donations	287	448
<b>Total other expenses</b>	<b>44,043</b>	<b>50,757</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of non-current assets classified as 'held for sale'</b>	C1-7		
Proceeds from disposal – non-current assets held for sale		–	52,817
Less: carrying amount of non-current assets held for sale		–	(30,578)
<b>Gain (or loss) on disposal</b>		<u>–</u>	<u>22,239</u>
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-8		
Proceeds from disposal – plant and equipment		2,515	2,826
Less: carrying amount of plant and equipment assets sold/written off		(1,673)	(2,368)
<b>Gain (or loss) on disposal</b>		<u>842</u>	<u>458</u>
<b>Gain (or loss) on disposal of infrastructure assets</b>	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(6,548)	(925)
<b>Gain (or loss) on disposal</b>		<u>(6,548)</u>	<u>(925)</u>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		–	241,255
Less: carrying amount of investments sold/redeemed/matured		–	(241,255)
<b>Gain (or loss) on disposal</b>		<u>–</u>	<u>–</u>
<b>Gain (or loss) on disposal of land</b>	C1-8		
Proceeds from disposal – community and operational Land		6,794	4,960
Less: carrying amount of community and operational Land assets sold/written off		(11,264)	(2,988)
<b>Gain (or loss) on disposal</b>		<u>(4,470)</u>	<u>1,972</u>
<b>Gain (or loss) on disposal of stormwater drainage assets</b>	C1-8		
Proceeds from disposal – Stormwater Drainage		–	–
Less: carrying amount of stormwater drainage assets sold/written off		(329)	–
<b>Gain (or loss) on disposal</b>		<u>(329)</u>	<u>–</u>
<b>Gain (or loss) on disposal of sewerage network assets</b>	C1-8		
Proceeds from disposal – Sewerage Network		–	–
Less: carrying amount of sewerage network assets sold/written off		(791)	–
<b>Gain (or loss) on disposal</b>		<u>(791)</u>	<u>–</u>
<b>Gain (or loss) on disposal of water supply assets</b>	C1-8		
Proceeds from disposal – water supply assets		–	–
Less: carrying amount of water supply assets assets sold/written off		(1,372)	–
<b>Gain (or loss) on disposal</b>		<u>(1,372)</u>	<u>–</u>
<b>Gain (or loss) on disposal of other assets</b>	C1-8		
Proceeds from disposal – Other assets		–	–
Less: carrying amount of other assets sold/written off		(1,608)	(2,157)
<b>Gain (or loss) on disposal</b>		<u>(1,608)</u>	<u>(2,157)</u>
<b>Net gain (or loss) from disposal of assets</b>		<u>(14,276)</u>	<u>21,587</u>

**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 28 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	390,335	389,286	(1,049)	0% <b>U</b>
<b>User charges and fees</b>	145,542	164,980	19,438	13% <b>F</b>
Favourable variance relates to additional income from RMS user charges, external tipping fees, tourist park user charges and swimming pool fees.				
<b>Other revenues</b>	9,666	16,103	6,437	67% <b>F</b>
To be compared alongside Other Income as below: favourable variance due to unrealised gains on investments in a high interest rate environment during 2022-2023, increase in income from fines, increase in ticketing income, increase in community facilities rental income and one-off insurance recoveries.				
<b>Operating grants and contributions</b>	34,046	56,622	22,576	66% <b>F</b>
Favourable variance predominantly relates to an increased amount of Financial Assistance Grant pre-paid in 2022-2023, but also increase in operating grant amounts for roads and bridges funding.				
<b>Capital grants and contributions</b>	75,883	118,053	42,170	56% <b>F</b>
Favourable variance predominantly relates to a large amount of donated and/or found assets in 2022-2023 that were not included in the original budget forecast, as well as increased developer contribution income for road works and community facilities.				
<b>Interest and investment revenue</b>	4,890	23,888	18,998	389% <b>F</b>
Favourable variance relates to the value of Council's investment portfolio and interest earnings on floating rate notes and bonds from a high interest rate environment in 2022-2023.				
<b>Net gains from disposal of assets</b>	5,294	-	(5,294)	(100)% <b>U</b>
To be compared alongside Net losses from disposal of assets as below: see Net losses from disposal of net assets unfavourable variance explanation.				
<b>Other income</b>	7,917	14,738	6,821	86% <b>F</b>
To be compared alongside Other Revenue as above: see Other Revenue for favourable variance explanation.				

Central Coast Council | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	180,750	184,873	(4,123)	(2)% <b>U</b>
<b>Materials and services</b>	198,729	204,252	(5,523)	(3)% <b>U</b>
<b>Borrowing costs</b>	11,421	13,072	(1,651)	(14)% <b>U</b>
Unfavourable variance relates to an increased amortisation of tip remediation costs due to a high CPI/inflation environment in 2022-2023.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	158,781	176,601	(17,820)	(11)% <b>U</b>
Unfavourable variance relates to a flow on effect of increased depreciation for 2022-2023 from the significant revaluation increments and adjustments made in the 2021-2022 financial year. The original depreciation forecast for 2022-2023 was developed based on information in the system from early 2022, before any revaluation or adjustments were planned.				
<b>Other expenses</b>	38,252	44,043	(5,791)	(15)% <b>U</b>
Unfavourable variances relates to fair value decrements and increments (see Other revenue explanation) on investments in a high interest rate environment during 2022-2023 that were not included in the original budget forecast, as well as increased EPA waste levy costs.				
<b>Net losses from disposal of assets</b>	-	14,276	(14,276)	∞ <b>U</b>
To be compared alongside Net gain from disposal of assets as above: Unfavourable variance due to a large write down of assets including fixed assets, roads, buildings and water supply assets, but slightly offset by proceeds from disposal of operational land that were not included in the original budget forecast.				

**Statement of cash flows**

<b>Cash flows from operating activities</b>	242,848	299,146	56,298	23% <b>F</b>
Favourable variance due to increased user charges and fees income following a full financial year with no COVID impacts, additional grants funding from the Financial Assistance Grant pre-paid in 2022-2023 and Council's investment portfolio following a high interest rate environment present in 2022-2023.				
<b>Cash flows from investing activities</b>	(201,569)	(246,733)	(45,164)	22% <b>U</b>
Unfavourable variance due to no proceeds from sales of investments made in 2022-2023 and a reduced amount of proceeds from sales of Infrastructure, Property, Plant and Equipment. This is slightly offset by a reduced amount of purchases of investments as compared to the original budget forecast for 2022-2023.				
<b>Cash flows from financing activities</b>	(27,484)	(27,899)	(415)	2% <b>U</b>

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

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	53,255	24,109
Deposits at call	26,268	30,900
<b>Total cash and cash equivalents</b>	<b>79,523</b>	<b>55,009</b>

**Accounting policy**

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

**C1-2 Financial investments**

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	–	80,236	–	74,683
NCD's, FRN's	38,590	327,207	19,034	303,411
<b>Total</b>	<b>38,590</b>	<b>407,443</b>	<b>19,034</b>	<b>378,094</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	210,000	25,000	145,000	55,000
<b>Total financial investments</b>	<b>248,590</b>	<b>432,443</b>	<b>164,034</b>	<b>433,094</b>

**Accounting policy**

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

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

**Financial assets**

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

**Classification**

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

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

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

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	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>760,556</b>	652,137
Less: Externally restricted cash, cash equivalents and investments	<u>(517,363)</u>	<u>(430,948)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b><u>243,193</u></b>	<b><u>221,189</u></b>

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

\$ '000	2023	2022
<b>External restrictions</b>		
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	100,043	109,395
Developer contributions – water	10,288	6,209
Developer contributions – sewer	18,086	18,442
Developer contributions – drainage	33,493	36,061
Developer contributions – VPA – general	2,824	2,737
Developer contributions – VPA – water	1,079	1,059
Developer contributions – VPA – sewer	507	497
Developer contributions – VPA - drainage	1,403	1,377
Developer contributions – bonus provisions	5,822	5,617
Developer Contributions – Sec 7.12 Levy	51,625	18,377
Specific purpose unexpended grants – general	18,292	13,118
Specific purpose unexpended grants – water	2,286	2,310
Specific purpose unexpended grants – sewer	10,498	14
Specific purpose unexpended grants - drainage	31	127
Cemeteries	510	609
Contributions to works including COSS	6,896	6,732
Crown land	1,947	1,676
Domestic waste management	115,063	97,419
Gosford parking station special rate levies	1,277	943
Holiday parks and camping ground	14,756	15,792
Self insurance claims – water	1,478	1,359
Self insurance claims – general	8,561	5,305
Self insurance claims – sewer	1,078	1,633
Stormwater management	570	571
Tourism levies	2,895	3,478
Water Supply Authority	105,256	79,288
Other External Restrictions	799	803
<b>Total external restrictions</b>	<b>517,363</b>	<b>430,948</b>

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	696	621
Emergency services levy savings	339	339
Employees leave entitlement	9,127	11,173
Employment generating projects	2,816	3,155
Property development	4,862	5,074
Regional Library	11,570	11,570
Section 355/advances/deposits	368	458
Tip replacement/rehabilitation	37,518	35,453
Waste disposal facility	29,963	24,212
Emergency loan repayments	43,000	–
Future projects reserve	5,000	–
Multi-year projects	1,085	–
<b>Total internal allocations</b>	<b>147,780</b>	<b>93,491</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

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

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policy of the elected Council.

Central Coast Council | Notes to the Financial Statements 30 June 2023

**C1-4 Receivables**

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates	10,854	–	6,158	–
Interest and extra charges	1,833	–	1,733	–
User charges and fees	12,489	2,310	11,881	2,827
Accrued revenues				
– Interest on investments	5,011	–	1,643	–
– User charges and fees	13,491	–	10,702	–
– Government subsidies	2,229	–	2,345	–
– Other income accruals	3,918	–	1,111	–
Government grants and subsidies	17,087	–	6,119	–
Net GST receivable	4,281	–	2,486	–
Waste management annual charge	4,211	–	3,445	–
Drainage annual charge	1,914	–	1,635	–
Water annual charge	2,049	–	1,432	–
Sewerage annual charge	6,425	–	8,130	–
Other debtors	7,992	496	11,058	521
<b>Total</b>	<b>93,784</b>	<b>2,806</b>	<b>69,878</b>	<b>3,348</b>
<b>Less: provision for impairment</b>				
Sundry debtors and other charges	(3,990)	–	(3,200)	–
<b>Total provision for impairment – receivables</b>	<b>(3,990)</b>	<b>–</b>	<b>(3,200)</b>	<b>–</b>
<b>Total net receivables</b>	<b>89,794</b>	<b>2,806</b>	<b>66,678</b>	<b>3,348</b>

**Accounting policy**

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

**Impairment**

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

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

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1. When considering the ECL for rates and annual charges debtors, Council 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.

Central Coast Council | Notes to the Financial Statements 30 June 2023

**C1-5 Inventories**

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>At cost</b>				
Stores and materials	1,593	-	1,509	-
<b>Total inventories</b>	<b>1,593</b>	<b>-</b>	<b>1,509</b>	<b>-</b>

**Accounting policy****Raw materials and stores, work in progress and finished goods**

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

**C1-6 Contract assets and Contract cost assets**

Nil

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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Non-current assets held for sale</b>				
Land	20,677	-	9,109	-
Buildings	-	-	6,543	-
Plant	-	-	50	-
<b>Total non-current assets classified as held for sale</b>	<b>20,677</b>	<b>-</b>	<b>15,702</b>	<b>-</b>

**Details of assets held for sale**

Non-current assets held for sale comprises four parcels of land, the Gosford Administration building and associated sites, and the East Gosford Training Centre. These assets have been deemed excess to Council's operational requirements and were available for sale and actively marketed as at 30 June 2023.

At the date of this Report, Council has a signed contract for sale with Landcom for the Gosford Administration site.

The remaining assets are expected to be settled during the financial year ending 30 June 2024.

**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 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000												
Capital work in progress (restated)	204,342	–	204,342	176,595	–	–	–	(168,689)	–	–	212,248	–	212,248
Plant and equipment	97,179	(53,125)	44,054	1,648	(1,673)	(7,632)	–	14,430	1,249	–	108,372	(56,297)	52,075
Office equipment	19,298	(12,741)	6,557	–	(4)	(2,275)	–	89	–	–	19,381	(15,013)	4,368
Furniture and fittings	15,528	(6,890)	8,638	–	(47)	(1,313)	(3)	99	460	–	15,982	(8,147)	7,835
<b>Land:</b>													
– Operational land	554,008	–	554,008	–	(2,887)	–	–	–	(9,049)	(63,521)	478,551	–	478,551
– Crown and Community land	564,916	–	564,916	7,109	(8,377)	–	–	–	2,599	(46)	566,201	–	566,201
– Land under roads (post 30/6/08)	2,149	–	2,149	–	–	–	–	–	412	–	2,561	–	2,561
Land improvements – depreciable	21,579	(3,781)	17,798	–	–	(1,018)	–	–	–	–	21,579	(4,799)	16,780
<b>Infrastructure:</b>													
– Buildings – specialised	918,779	(399,979)	518,800	9,094	(1,372)	(14,449)	–	10,096	(4,230)	56,723	980,046	(405,385)	574,661
– Other structures	8,888	(2,259)	6,629	394	(20)	(489)	–	935	1,426	–	12,333	(3,457)	8,876
– Roads	2,181,731	(694,662)	1,487,069	5,338	(5,847)	(37,999)	–	74,506	–	121,854	2,409,338	(764,417)	1,644,921
– Bridges	71,144	(28,423)	42,721	–	(50)	(855)	–	6,557	–	4,116	84,123	(31,635)	52,488
– Footpaths	251,588	(100,833)	150,755	657	(528)	(3,535)	–	5,813	551	13,077	279,607	(112,815)	166,792
– Bulk earthworks (non-depreciable)	379,764	–	379,764	595	(104)	–	–	544	–	–	380,799	–	380,799
– Stormwater drainage	1,704,934	(532,926)	1,172,008	3,916	(329)	(13,349)	–	9,032	–	79,699	1,834,280	(583,302)	1,250,978
– Water supply network	2,362,055	(1,060,602)	1,301,453	2	(1,374)	(34,641)	–	8,366	–	98,210	2,549,503	(1,177,486)	1,372,017
– Sewerage network	2,447,521	(1,016,658)	1,430,863	21	(791)	(36,355)	–	23,548	–	109,273	2,657,728	(1,131,169)	1,526,559
– Swimming pools	9,366	(1,954)	7,412	–	–	(544)	–	–	–	451	9,982	(2,662)	7,320
– Other open space/recreational assets	204,623	(50,622)	154,001	10,985	(184)	(12,051)	–	2,006	113	7,483	228,182	(65,830)	162,352
– Other infrastructure	44,133	(10,469)	33,664	51	–	(2,040)	–	2,724	–	–	46,908	(12,509)	34,399
<b>Other assets:</b>													
– Library books	4,837	(3,047)	1,790	–	–	(770)	–	813	–	–	5,649	(3,817)	1,832
– Other	6,893	(2,994)	3,899	–	–	(145)	–	–	276	–	7,247	(3,218)	4,029
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	50,489	(27,959)	22,530	923	–	(2,702)	–	9,131	–	–	60,542	(30,661)	29,881
<b>Total infrastructure, property, plant and equipment</b>	<b>12,125,744</b>	<b>(4,009,924)</b>	<b>8,115,820</b>	<b>217,328</b>	<b>(23,587)</b>	<b>(172,162)</b>	<b>(3)</b>	<b>–</b>	<b>(6,193)</b>	<b>427,319</b>	<b>12,971,142</b>	<b>(4,412,619)</b>	<b>8,558,523</b>

continued on next page ...

Central Coast Council | Notes to the Financial Statements 30 June 2023

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	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
<b>Land:</b>													
– 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
<b>Infrastructure:</b>													
– 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
<b>Other assets:</b>													
– 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
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	43,260	(22,284)	20,976	–	–	(2,242)	–	–	3,796	–	50,489	(27,959)	22,530
<b>Total infrastructure, property, plant and equipment</b>	<b>11,145,075</b>	<b>(3,668,265)</b>	<b>7,476,810</b>	<b>122,412</b>	<b>(8,438)</b>	<b>(153,799)</b>	<b>(9,929)</b>	<b>–</b>	<b>(909)</b>	<b>689,669</b>	<b>12,125,744</b>	<b>(4,009,924)</b>	<b>8,115,820</b>

continued on next page ...

Page 36 of 94

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

Land and bulk earthworks are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	4 to 12	Playground equipment	4 to 50
Office furniture	4 to 50	Benches, seats etc.	10 to 50
Computer equipment	3 to 20		
Vehicles	5 to 20	<b>Buildings</b>	10 to 129
Heavy plant/road making equipment	8 to 25		
Other plant and equipment	2 to 37	<b>Land Improvements - depreciable</b>	6 to 100
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	15 to 200	Drains	120
Bores	20 to 30	Culverts	120
Reticulation pipes	14 to 100	Flood control structures	80 to 100
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	12 to 100	Swimming pools	8 to 100
Sealed roads: structure	40 to 160	Other open space/recreational assets	3 to 100
Unsealed roads	30	Other infrastructure	10 to 100
Kerb and gutters	10 to 100	Other structures	5 to 100
Bridges	80 to 100		
Road pavements	40 to 100	<b>Other assets</b>	
Footpaths	30 to 80	Library books	5
		Other	6 to 500
<b>Tip assets</b>	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	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	30,466	30,444
Accumulated amortisation and impairment	(7,524)	(2,123)
<b>Net book value – opening balance</b>	<b>22,942</b>	<b>28,321</b>
<b>Movements for the year</b>		
WIP - net movement	-	(1,683)
Development costs	-	576
Amortisation charges	(3,488)	(3,103)
Gross book value (written off) / written back	-	1,129
Accumulated amortisation charges written off / (written back)	-	(2,298)
<b>Closing values at 30 June</b>		
Gross book value	30,466	30,466
Accumulated amortisation and impairment	(11,012)	(7,524)
<b>Total software – net book value</b>	<b>19,454</b>	<b>22,942</b>
<b>Drainage easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	-	1,703
<b>Net book value – opening balance</b>	<b>-</b>	<b>1,703</b>
- Impairment charges	-	(1,703)
<b>Closing values at 30 June</b>		
Gross book value	-	1,703
Accumulated impairment	-	(1,703)
<b>Total Drainage easements – net book value</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets – net book value</b>	<b>19,454</b>	<b>22,942</b>

### 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 no longer recognised as intangible assets.

## C1-10 Other

### Other assets

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current

continued on next page ...

Page 39 of 94

Central Coast Council | Notes to the Financial Statements 30 June 2023

## C1-10 Other (continued)

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	5,925	-	3,767	-
Investment in the Art House	-	663	-	704
Investment in Central Coast Stadium	-	-	-	-
<b>Total other assets</b>	<b>5,925</b>	<b>663</b>	<b>3,767</b>	<b>704</b>

## 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
<b>2023</b>			
Opening balance at 1 July	–	3,060	3,060
Additions to right-of-use assets	–	3,498	3,498
Adjustments due to re-measurement of lease liability	–	(13)	(13)
Depreciation charge	–	(948)	(948)
<b>Balance at 30 June</b>	<b>–</b>	<b>5,597</b>	<b>5,597</b>
<b>2022</b>			
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	–
<b>Balance at 30 June</b>	<b>–</b>	<b>3,060</b>	<b>3,060</b>

**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
<b>2023</b>					
Cash flows	487	1,963	3,914	6,364	6,364
<b>2022</b>					
Cash flows	331	1,534	1,429	3,294	3,294

**(c) Income Statement**

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

\$ '000	2023	2022
Interest on lease liabilities	283	153
Depreciation of right of use assets	948	507
Expenses relating to short-term leases	1,085	368
Expenses relating to low-value leases	14	908
Expenses relating to Peppercorn leases	5	35
Variable lease expenses relating to usage	9	–
	<b>2,344</b>	<b>1,971</b>

**(d) Statement of Cash Flows**

Total cash outflow for leases	1,811	1,746
	<b>1,811</b>	<b>1,746</b>

**(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	2023	2022
<b>Assets held as property, plant and equipment</b>		
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	5,190	5,129
Room / Facility hire	4,154	2,666
Outdoor space	264	154
Other	145	75
<b>Total income relating to operating leases for Council assets</b>	<b>9,753</b>	<b>8,024</b>

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

\$ '000	2023	2022
<b>Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
< 1 year	4,820	2,959
1–2 years	4,964	2,631
2–3 years	5,113	2,284
3–4 years	5,267	1,954
4–5 years	5,425	1,783
> 5 years <sup>1</sup>	–	12,314
<b>Total undiscounted lease payments to be received</b>	<b>25,589</b>	<b>23,925</b>

(1) Council notes due to an overhaul of the tenancy schedule in financial year 2022-2023, leases & licenses will not be projected beyond 5 years due to having no assumption that agreements will be renewed for further years despite having option periods. All existing lease and licence holders are assumed to exercise renewal options or continue in place as periodic tenants for the next 5 years. This is consistent with historic behaviour.

**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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Payables</b>				
Goods and services	29,226	-	25,283	-
Prepaid rates and annual charges	15,243	-	19,593	-
Accrued expenses:				
– Interest on borrowings	604	-	693	-
– Salaries and wages	6,604	-	3,005	-
– Other expenditure accruals	24,975	-	23,952	-
Security bonds, deposits and retentions	3,742	-	3,580	-
Developer bonds	6,557	-	6,121	-
Overpayments	1,423	-	685	-
Other payables	400	-	286	-
<b>Total payables</b>	<b>88,774</b>	<b>-</b>	<b>83,198</b>	<b>-</b>

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

\$ '000	2023	2022
Payables – overpayments, security bonds, deposits and retentions	27,088	26,536
<b>Total payables</b>	<b>27,088</b>	<b>26,536</b>

**Accounting policy**

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

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



**C3-2 Contract Liabilities**

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	18,142	2,255	6,598	2,254
Unexpended operating grants (received prior to performance obligation being satisfied) - AASB 15	(ii)	10,710	-	6,717	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	116	4,320	116	4,155
Unexpended operating contributions (received prior to performance obligation being satisfied) - AASB 15	(ii)	686	-	687	-
<b>Total grants and contributions received in advance</b>		<b>29,654</b>	<b>6,575</b>	<b>14,118</b>	<b>6,409</b>
<b>User fees and charges received in advance:</b>					
Upfront fees – leisure centre	(iii)	42	-	29	-
Deposits received in advance of services provided		2,821	773	3,170	870
<b>Total user fees and charges received in advance</b>		<b>2,863</b>	<b>773</b>	<b>3,199</b>	<b>870</b>
<b>Total contract liabilities</b>		<b>32,517</b>	<b>7,348</b>	<b>17,317</b>	<b>7,279</b>

**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	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	4,360	7,421
Operating grants (received prior to performance obligation being satisfied)	4,016	1,513
Capital contributions (to construct Council controlled assets)	-	46
Operating contributions (received prior to performance obligation being satisfied)	162	93
<b>User fees and charges received in advance:</b>		
Upfront fees – leisure centre	29	37
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>8,567</b>	<b>9,110</b>

**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.

**Attachment 1**

Central Coast Council | Notes to the Financial Statements 30 June 2023

**C3-3 Borrowings**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	104,245	181,619	27,484	285,864
<b>Total borrowings</b>	<b>104,245</b>	<b>181,619</b>	<b>27,484</b>	<b>285,864</b>

(1) Loans are secured over the general rating income of Council.  
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

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

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	313,348	(27,484)	–	–	–	–	285,864
Lease liability (Note C2-1b)	3,294	3,070	–	–	–	–	6,364
<b>Total liabilities from financing activities</b>	<b>316,642</b>	<b>(24,414)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>292,228</b>

\$ '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
<b>Total liabilities from financing activities</b>	<b>349,774</b>	<b>(33,865)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>733</b>	<b>316,642</b>

**(b) Financing arrangements**

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities	–	500
Credit cards/purchase cards	480	1,240
Master lease facilities	5,000	1,850
<b>Total financing arrangements</b>	<b>5,480</b>	<b>3,590</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	65	60
– Master lease facilities	4,332	916
<b>Total drawn financing arrangements</b>	<b>4,397</b>	<b>976</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	–	500
– Credit cards/purchase cards	415	1,180
– Master lease facilities	668	934
<b>Total undrawn financing arrangements</b>	<b>1,083</b>	<b>2,614</b>

**Additional financing arrangements information****Breaches and defaults**

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

**Security over loans**

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

continued on next page ...

Page 47 of 94

### C3-3 Borrowings (continued)

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**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	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	18,373	–	17,858	–
Sick leave	6,064	–	5,947	–
Long service leave	31,735	–	28,076	–
Other leave	1,806	–	1,452	–
<b>Total employee benefit provisions</b>	<b>57,978</b>	<b>–</b>	<b>53,333</b>	<b>–</b>

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

\$ '000	2023	2022
Provisions – employees benefits	31,109	29,928
	<b>31,109</b>	<b>29,928</b>

**Accounting policy**

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

**Short-term obligations**

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

**Other long-term employee benefit obligations**

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

**On-costs**

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

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

**C3-5 Provisions**

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	2,403	8,714	2,253	6,044
Self insurance – public liability	1,088	–	1,165	–
Self insurance – other	17	–	–	–
Road Rectification Works	–	–	1,064	–
Payroll tax	424	–	424	–
Other	–	–	257	–
Asset remediation/restoration	2,736	75,376	3,807	70,771
<b>Total provisions</b>	<b>6,668</b>	<b>84,090</b>	<b>8,970</b>	<b>76,815</b>

**C3-5 Provisions (continued)****Movements in provisions**

\$ '000	Other provisions			Net carrying amount
	Self insurance	Asset remediation	Payroll Tax and Other	
<b>as at 30/06/23</b>				
At beginning of year	9,462	74,578	1,745	85,785
Changes to provision:				
– Amounts capitalised	–	923	–	923
– Revised discount rate	–	5	–	5
– Revised costs	–	733	–	733
Unwinding of discount	–	2,533	–	2,533
Additional provisions	8,894	–	–	8,894
Amounts used (payments)	(6,134)	(660)	1,908	(4,886)
Other	–	–	(3,229)	(3,229)
<b>Total</b>	<b>12,222</b>	<b>78,112</b>	<b>424</b>	<b>90,758</b>
<b>as at 30/06/22</b>				
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
<b>Total</b>	<b>9,462</b>	<b>74,578</b>	<b>1,745</b>	<b>85,785</b>

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

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

**Self-insurance**

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

**Payroll tax and other**

To recognise liabilities for 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

continued on next page ...

Page 50 of 94

### C3-5 Provisions (continued)

phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

#### **Self-insurance**

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

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

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

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

- 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 2023.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2023.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2023 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

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#### **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 2023	Domestic Waste 2023	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>					
Rates and annual charges	18,891	77,154	205,747	22,339	65,155
User charges and fees	–	62	77,275	64,688	22,955
Interest and investment income	90	224	17,415	800	5,359
Other revenues	–	–	14,388	174	1,541
Grants and contributions provided for operating purposes	64	–	56,190	201	167
Grants and contributions provided for capital purposes	7,733	–	83,990	9,088	17,242
Other income	7	–	14,738	–	–
<b>Total income from continuing operations</b>	<b>26,785</b>	<b>77,440</b>	<b>469,743</b>	<b>97,290</b>	<b>112,419</b>
<b>Expenses from continuing operations</b>					
Employee benefits and on-costs	1,925	722	153,845	14,015	14,366
Borrowing costs	461	–	3,217	7,158	2,236
Materials and services	8,523	53,004	77,326	31,184	34,215
Depreciation, amortisation and impairment of non-financial assets	13,352	–	91,072	35,186	36,991
Other expenses	3	15,802	27,463	238	537
Net losses from the disposal of assets	329	–	11,769	1,372	806
<b>Total expenses from continuing operations</b>	<b>24,593</b>	<b>69,528</b>	<b>364,692</b>	<b>89,153</b>	<b>89,151</b>
<b>Operating result from continuing operations</b>	<b>2,192</b>	<b>7,912</b>	<b>105,051</b>	<b>8,137</b>	<b>23,268</b>
<b>Net operating result for the year attributable to Council</b>	<b>2,192</b>	<b>7,912</b>	<b>105,051</b>	<b>8,137</b>	<b>23,268</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(5,541)</b>	<b>7,912</b>	<b>21,061</b>	<b>(951)</b>	<b>6,026</b>



Central Coast Council | Notes to the Financial Statements 30 June 2023

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

\$ '000	Drainage 2023	Domestic Waste 2023	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	71	5,784	63,585	1,892	8,191
Investments	669	54,736	97,771	17,903	77,511
Receivables	2,981	4,691	41,483	24,444	16,195
Inventories	-	-	1,593	-	-
Other	-	-	5,421	252	252
Non-current assets classified as held for sale	-	-	20,197	-	480
<b>Total current assets</b>	<b>3,721</b>	<b>65,211</b>	<b>230,050</b>	<b>44,491</b>	<b>102,629</b>
<b>Non-current assets</b>					
Investments	95	54,543	298,524	547	78,734
Receivables	1	3	(6,497)	227	9,072
Infrastructure, property, plant and equipment	1,289,053	-	4,165,719	1,469,060	1,634,691
Intangible assets	-	-	19,454	-	-
Right of use assets	-	-	4,669	464	464
Other	-	-	663	-	-
<b>Total non-current assets</b>	<b>1,289,149</b>	<b>54,546</b>	<b>4,482,532</b>	<b>1,470,298</b>	<b>1,722,961</b>
<b>Total assets</b>	<b>1,292,870</b>	<b>119,757</b>	<b>4,712,582</b>	<b>1,514,789</b>	<b>1,825,590</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	744	9,765	59,991	10,428	7,846
Contract liabilities	131	-	19,515	2,286	10,585
Borrowings	26,243	-	61,217	13,527	3,258
Lease liabilities	-	-	281	103	103
Employee benefit provisions	93	213	48,294	4,851	4,527
Provisions	-	-	5,278	748	642
<b>Total current liabilities</b>	<b>27,211</b>	<b>9,978</b>	<b>194,576</b>	<b>31,943</b>	<b>26,961</b>
<b>Non-current liabilities</b>					
Contract liabilities	1,375	-	5,074	-	899
Lease liabilities	-	-	5,033	422	422
Borrowings	6,857	-	26,580	116,641	31,541
Employee benefit provisions	10	11	(387)	217	149
Provisions	-	-	82,151	1,214	725
<b>Total non-current liabilities</b>	<b>8,242</b>	<b>11</b>	<b>118,451</b>	<b>118,494</b>	<b>33,736</b>
<b>Total liabilities</b>	<b>35,453</b>	<b>9,989</b>	<b>313,027</b>	<b>150,437</b>	<b>60,697</b>
<b>Net assets</b>	<b>1,257,417</b>	<b>109,768</b>	<b>4,399,555</b>	<b>1,364,352</b>	<b>1,764,893</b>
<b>EQUITY</b>					
Accumulated surplus	1,009,647	109,768	3,665,859	956,640	1,516,066
IPPE revaluation reserves	247,770	-	733,696	407,712	248,827
<b>Total equity</b>	<b>1,257,417</b>	<b>109,768</b>	<b>4,399,555</b>	<b>1,364,352</b>	<b>1,764,893</b>

Central Coast Council | Notes to the Financial Statements 30 June 2023

**D1-3 Details of internal loans**

	Council ID / Ref 2013 GF-WF	Council ID / Ref 2015 SF-WF	Council ID / Ref 2015 GF-WF
<b>Details of individual internal loans</b>			
Borrower (by purpose)	Water Fund	Water Fund	Water Fund
Lender (by purpose)	General Fund	Sewer Fund	General Fund
Date of Minister's approval	N/A	27/05/2015	N/A
Date raised	30/06/2013	27/05/2015	31/05/2015
Term years	20	20	20
Dates of maturity	30/06/2033	21/02/2035	26/05/2035
Rate of interest (%)	5.72	5.72	5.72
Amount originally raised	20,000,000	10,000,000	10,000,000
Total repaid during year (principal and interest) (\$'000)	1,681,948	842,232	841,519
<b>Principal outstanding at end of year (\$'000)</b>	<b>12,782,462</b>	<b>7,196,251</b>	<b>7,297,455</b>

	Council ID / Ref 2022 GF-DF	Council ID / Ref 2023 GF-DF
<b>Details of individual internal loans</b>		
Borrower (by purpose)	Drainage Fund	Drainage Fund
Lender (by purpose)	General Fund	General Fund
Date of Minister's approval	N/A	N/A
Date raised	30/06/2022	30/06/2023
Term years	1	1
Dates of maturity	30/06/2023	30/06/2024
Rate of interest (%)	Nil	Nil
Amount originally raised	25,702,956	25,702,956
Total repaid during year (principal and interest) (\$'000)	25,702,956	0
<b>Principal outstanding at end of year (\$'000)</b>	<b>0</b>	<b>25,702,956</b>

## D2 Interests in other entities

### D2-1 Subsidiaries

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

Name of Operation/Entity	Principal activity				
<b>The Art House, Wyong Shire Performing Arts and Conference Centre Limited</b>	Operations undertaken - Performing Arts Place of business - 19-21 Margaret Street, Wyong				
Interests in Subsidiary	Principal place of business	Ownership 2023	Ownership 2022	Voting rights 2023	Voting rights 2022
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 \$1.05M 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.

< Enter Description >

### Summarised financial information for the Subsidiary

\$ '000	2023	2022
<b>Summarised statement of comprehensive income</b>		
Revenue	3,069	1,972
Expenses	(3,110)	(1,890)
<b>Profit/(loss) for the period</b>	<b>(41)</b>	<b>82</b>
<b>Total comprehensive income</b>	<b>(41)</b>	<b>82</b>
<b>Summarised statement of financial position</b>		
Current assets	1,518	2,375
Non-current assets	43	29
<b>Total assets</b>	<b>1,561</b>	<b>2,404</b>
Current liabilities	866	1,670
Non-current liabilities	32	30
<b>Total liabilities</b>	<b>898</b>	<b>1,700</b>
<b>Net assets</b>	<b>663</b>	<b>704</b>

continued on next page ...

Page 56 of 94

**D2-1 Subsidiaries (continued)**

\$ '000	2023	2022
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	(435)	655
Cash flows from investing activities	(30)	45
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(465)</b>	<b>700</b>

**Accounting policy for subsidiaries**

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

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

## 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	2023	2022
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	7,597	6,521
Impact of a 10% movement in price of investments		
– Equity / Income Statement	75,969	65,214

## 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	
<b>2023</b>				
Gross carrying amount	6,050	18,730	673	25,453
<b>2022</b>				
Gross carrying amount	4,161	16,089	550	20,800

##### 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	
<b>2023</b>						
Gross carrying amount	21,540	1,316	1,265	979	43,344	68,444
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	9.21%	5.83%
ECL provision	-	-	-	-	3,992	3,992
<b>2022</b>						
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

### 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
<b>2023</b>						
Payables	0.00%	63,230	25,544	–	88,774	88,774
Borrowings	3.42%	113,294	108,575	130,409	352,278	285,864
<b>Total financial liabilities</b>		<b>176,524</b>	<b>134,119</b>	<b>130,409</b>	<b>441,052</b>	<b>374,638</b>
<b>2022</b>						
Payables	0.00%	53,895	29,294	–	83,189	83,198
Borrowings	3.18%	37,746	203,974	148,304	390,024	313,348
<b>Total financial liabilities</b>		<b>91,641</b>	<b>233,268</b>	<b>148,304</b>	<b>473,213</b>	<b>396,546</b>

## E2-1 Fair value measurement

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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:



Central Coast Council | Notes to the Financial Statements 30 June 2023

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

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>									
<b>Financial assets</b>									
Financial investments	C1-2								
At fair value through profit or loss		446,033	397,128	-	-	-	-	446,033	397,128
<b>Total financial assets</b>		<b>446,033</b>	<b>397,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>446,033</b>	<b>397,128</b>
<b>Infrastructure, property, plant and equipment</b>									
Plant and equipment	C1-8	-	-	-	-	52,075	44,054	52,075	44,054
Office equipment		-	-	-	-	4,367	6,557	4,367	6,557
Furniture and fittings		-	-	-	-	7,835	8,638	7,835	8,638
Operational land		-	-	478,551	554,008	-	-	478,551	554,008
Crown and Community land		-	-	-	-	566,201	564,916	566,201	564,916
Land under Roads		-	-	-	-	2,561	2,149	2,561	2,149
Land improvements – depreciable		-	-	-	-	16,780	17,798	16,780	17,798
Buildings – specialised		-	-	-	-	574,661	518,800	574,661	518,800
Other structures		-	-	-	-	8,876	6,629	8,876	6,629
Roads		-	-	-	-	1,644,921	1,487,069	1,644,921	1,487,069
Bridges		-	-	-	-	52,488	42,721	52,488	42,721
Footpaths		-	-	-	-	166,792	150,755	166,792	150,755
Bulk earthworks – non depreciable		-	-	-	-	380,799	379,764	380,799	379,764
Stormwater drainage		-	-	-	-	1,250,978	1,172,008	1,250,978	1,172,008
Water supply network		-	-	-	-	1,372,017	1,301,453	1,372,017	1,301,453
Sewerage network		-	-	-	-	1,526,558	1,430,863	1,526,558	1,430,863
Swimming pools		-	-	-	-	7,320	7,412	7,320	7,412
Other open space/recreational assets		-	-	-	-	162,352	154,001	162,352	154,001
Other infrastructure		-	-	-	-	34,399	33,664	34,399	33,664
Library books		-	-	-	-	1,832	1,790	1,832	1,790
Other		-	-	-	-	4,029	3,899	4,029	3,899
Tip assets		-	-	-	-	29,882	22,530	29,882	22,530
<b>Total infrastructure, property, plant and equipment</b>	C1-8	<b>-</b>	<b>-</b>	<b>478,551</b>	<b>554,008</b>	<b>7,867,723</b>	<b>7,357,470</b>	<b>8,346,274</b>	<b>7,911,478</b>
<b>Non-recurring fair value measurements</b>									
<b>Non-current assets held for sale</b>									
Land	C1-7	-	-	20,677	9,109	-	-	20,677	9,109
Buildings		-	-	-	-	-	6,543	-	6,543
Plant		-	-	-	-	-	50	-	50
<b>Total non-recurring fair value measurements</b>		<b>-</b>	<b>-</b>	<b>20,677</b>	<b>9,109</b>	<b>-</b>	<b>6,593</b>	<b>20,677</b>	<b>15,702</b>

continued on next page ...

Page 62 of 94

## 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 2023. 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.

#### 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 2023 using the VG valuations for 2022-2023.

#### 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.

Land under roads has been valued at 30 June 2023 using the Englobo method (which is a discounted method) and VG valuations published on 1 July 2022. 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.

## E2-1 Fair value measurement (continued)

### 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 2023. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account Council's asset management practices.

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

### Other structures

This asset class is comprised of 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 2022. 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 2023 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.

### Bridges

This asset class is comprised of road and foot bridges.

Council engaged Morrison Low to value all bridges at 30 June 2022. 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.

## E2-1 Fair value measurement (continued)

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 2023 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 2022. 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 2023 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 2022.

### 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.

Council engaged Morrison Low to value all drainage assets as at 30 June 2022. The gross replacement cost for each asset was calculated using the replacement cost approach. 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 2023 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.

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 2023 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.

## E2-1 Fair value measurement (continued)

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 2023 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.

Council engaged Scott Fullarton Valuations Pty Ltd to undertake a comprehensive valuation of this asset class in 2022.

The gross replacement cost approach was 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.

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 was 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.

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

### Library books

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

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

### Other assets

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

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

### Tip asset

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

## E2-1 Fair value measurement (continued)

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

#### 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
<b>Infrastructure, property, plant and equipment</b>		
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

continued on next page ...

Page 67 of 94

Central Coast Council | Notes to the Financial Statements 30 June 2023

### 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	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>44,054</b>	49,808	<b>6,557</b>	7,675	<b>8,638</b>	9,300	<b>564,916</b>	424,488
Transfers from/(to) another asset class	<b>1,249</b>	3,698	-	1,852	<b>460</b>	769	<b>2,599</b>	-
Purchases (GBV)	<b>16,077</b>	1,378	<b>89</b>	-	<b>99</b>	-	<b>7,109</b>	-
Disposals (WDV)	<b>(1,673)</b>	(2,368)	<b>(4)</b>	(160)	<b>(47)</b>	(162)	<b>(8,377)</b>	-
Depreciation and impairment	<b>(7,632)</b>	(8,112)	<b>(2,275)</b>	(2,809)	<b>(1,313)</b>	(1,269)	-	-
Revaluation decrements to Income Statement	-	(350)	-	(1)	<b>(3)</b>	-	-	-
Revaluation increments / (decrements) to Equity (ARR)	-	-	-	-	-	-	<b>(46)</b>	140,428
<b>Closing balance</b>	<b>52,075</b>	44,054	<b>4,367</b>	6,557	<b>7,834</b>	8,638	<b>566,201</b>	564,916

\$ '000	Land under Roads		Tip assets		Land improvements		Buildings	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>2,149</b>	2,149	<b>22,530</b>	20,976	<b>17,798</b>	31,569	<b>518,800</b>	446,406
Transfers from/(to) another asset class	<b>412</b>	-	-	3,796	-	(7,198)	<b>(4,230)</b>	9,485
Purchases (GBV)	-	-	<b>10,054</b>	-	-	-	<b>19,189</b>	6,285
Disposals (WDV)	-	-	-	-	-	(14)	<b>(1,372)</b>	(976)
Depreciation and impairment	-	-	<b>(2,702)</b>	(2,242)	<b>(1,018)</b>	(2,032)	<b>(14,449)</b>	(13,142)
Revaluation decrements to Income Statement	-	-	-	-	-	(5,426)	-	(24)
Revaluation increments / (decrements) to Equity (ARR)	-	-	-	-	-	899	<b>56,723</b>	70,766
<b>Closing balance</b>	<b>2,561</b>	2,149	<b>29,882</b>	22,530	<b>16,780</b>	17,798	<b>574,661</b>	518,800

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>6,629</b>	34,949	<b>1,487,069</b>	1,413,609	<b>42,721</b>	40,442	<b>150,755</b>	143,112
Transfers from/(to) another asset class	<b>1,426</b>	(21,535)	-	382	-	1	<b>552</b>	31
Purchases (GBV)	<b>1,329</b>	-	<b>79,845</b>	-	<b>6,557</b>	-	<b>6,470</b>	-
Disposals (WDV)	<b>(20)</b>	(897)	<b>(5,847)</b>	-	<b>(50)</b>	-	<b>(528)</b>	-
Depreciation and impairment	<b>(489)</b>	(3,126)	<b>(37,999)</b>	(33,165)	<b>(855)</b>	(773)	<b>(3,535)</b>	(3,152)
Revaluation decrements to Income Statement	-	(3,158)	-	-	-	-	-	-
Revaluation increments / (decrements) to Equity (ARR)	-	396	<b>121,854</b>	106,243	<b>4,116</b>	3,051	<b>13,077</b>	10,764
<b>Closing balance</b>	<b>8,875</b>	6,629	<b>1,644,922</b>	1,487,069	<b>52,489</b>	42,721	<b>166,791</b>	150,755



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

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>379,764</b>	352,645	<b>1,172,008</b>	1,087,282	<b>1,301,453</b>	1,213,434	<b>1,430,863</b>	1,386,713
Transfers from/(to) another asset class	-	-	-	259	-	47,077	-	-
Purchases (GBV)	<b>1,139</b>	-	<b>12,949</b>	-	<b>8,368</b>	-	<b>23,569</b>	-
Disposals (WDV)	<b>(104)</b>	-	<b>(329)</b>	-	<b>(1,374)</b>	-	<b>(791)</b>	-
Depreciation and impairment	-	-	<b>(13,349)</b>	(11,924)	<b>(34,641)</b>	(29,591)	<b>(36,355)</b>	(33,396)
Revaluation increments / (decrements) to Equity (ARR)	-	27,119	<b>79,699</b>	96,391	<b>98,210</b>	70,533	<b>109,273</b>	77,546
<b>Closing balance</b>	<b>380,799</b>	379,764	<b>1,250,978</b>	1,172,008	<b>1,372,016</b>	1,301,453	<b>1,526,559</b>	1,430,863

\$ '000	Swimming pools		Open space / recreational		Other infrastructure		Library books	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>7,412</b>	4,922	<b>154,001</b>	133,817	<b>33,664</b>	30,391	<b>1,790</b>	1,886
Transfers from/(to) another asset class	-	2,001	<b>113</b>	22,374	-	2,462	-	711
Purchases (GBV)	-	-	<b>12,990</b>	-	<b>2,775</b>	-	<b>813</b>	-
Disposals (WDV)	-	-	<b>(184)</b>	(723)	-	(15)	-	-
Depreciation and impairment	<b>(544)</b>	(951)	<b>(12,051)</b>	(4,639)	<b>(2,040)</b>	(2,433)	<b>(770)</b>	(807)
Revaluation decrements to Income Statement	-	(46)	-	(792)	-	(132)	-	-
Revaluation increments / (decrements) to Equity (ARR)	<b>451</b>	1,486	<b>7,483</b>	3,964	-	3,391	-	-
<b>Closing balance</b>	<b>7,319</b>	7,412	<b>162,352</b>	154,001	<b>34,399</b>	33,664	<b>1,833</b>	1,790

\$ '000	Other		Total	
	2023	2022	2023	2022
<b>Opening balance</b>	<b>3,899</b>	1,199	<b>7,357,470</b>	<b>6,836,772</b>
Transfers from/(to) another asset class	<b>276</b>	(1,617)	<b>2,857</b>	<b>64,548</b>
Purchases (GBV)	-	-	<b>209,421</b>	<b>7,663</b>
Disposals (WDV)	-	(135)	<b>(20,700)</b>	<b>(5,450)</b>
Depreciation and impairment	<b>(145)</b>	(236)	<b>(172,162)</b>	<b>(153,799)</b>
Revaluation decrements to Income Statement	-	-	<b>(3)</b>	<b>(9,929)</b>
Revaluation increments / (decrements) to Equity (ARR)	-	4,688	<b>490,840</b>	<b>617,665</b>
<b>Closing balance</b>	<b>4,030</b>	3,899	<b>7,867,723</b>	<b>7,357,470</b>

**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 future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working 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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

### 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 2023 was \$1,059,519.73. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$1,113,742.08.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

\* 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 3.69%.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

\* Plus promotional increases

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

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 2023.

#### (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

### E3-1 Contingencies (continued)

remediation works being carried out, monitoring works are required to manage site risks while post remediation there is a period of validation to ensure that the remediation has been successful. These costs are included within the projections provided for within the financial statements at Note C3-5. Post remediation and validation, Council will continue to monitor each site for at least an additional 10 years. This monitoring will vary between each site and cannot be reliably estimate at this time however may approximate \$1,03,985.01. This estimate is based on the former landfill sites actual monitoring costs for 2023-24 of \$103,098.50 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. In 2022 detailed site investigations commenced and these were completed in June 2023. The Human Health and Ecological Risk Assessments were completed in August 2023 and the Remedial Options Assessment and individual Remedial Action Plans identifying any remedial works that may be required to address the potential impact to the environment and public health are scheduled for completion in 2023-24. The estimated cost to undertake the development of the Remedial Options Assessments and individual Remedial Action Plans and their review by a NSW EPA accredited contaminated site auditor across all three sites is an additional \$682,828.18 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	2023	2022
<b>Compensation:</b>		
Short-term benefits	6,611	2,516
Other long-term benefits	1,205	257
Termination benefits	-	847
<b>Total</b>	<b>7,816</b>	<b>3,620</b>

Central Coast Council | Notes to the Financial Statements 30 June 2023

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
The aggregate amount of Councillor, Mayoral and Administrator fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' expenses (including Mayor)	10	-
Interim Administrator /Administrator fee	327	320
<b>Total</b>	<b>337</b>	<b>320</b>

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2023</b>						
<b>Funding and in-kind support services 2022</b>	1	<b>1,051</b>	-	Funding and support services provided in line with the funding agreement	-	-
Funding and in-kind support services	1	970	-	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	2023	2022
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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 <sup>1</sup>

961	700
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<b>961</b>	<b>700</b>
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**Non NSW Auditor-General audit firms****(i) Audit and other assurance services**

Other audit and assurance services

123	39
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<b>123</b>	<b>39</b>
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**(ii) Non-assurance services**

Other services

24	12
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<b>1,108</b>	<b>751</b>
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(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	2023	2022
<b>Net operating result from Income Statement</b>	<b>146,553</b>	106,071
<b>Add / (less) non-cash items:</b>		
Depreciation, amortisation and impairment	176,598	157,409
(Gain) / loss on disposal of assets	14,276	(21,587)
Non-cash capital grants and contributions	(41,557)	(8,288)
Investments classified as 'at fair value'	(2,415)	13,097
Impairment of assets	3	11,632
Unwinding of discount rates on reinstatement provisions	2,538	1,816
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(23,364)	(4,107)
Increase / (decrease) in provision for impairment of receivables	790	1,345
(Increase) / decrease of inventories	(84)	(106)
(Increase) / decrease of other current assets	(2,117)	(240)
Increase / (decrease) in payables	3,943	1,225
Increase / (decrease) in other accrued expenses payable	4,622	7,953
Increase / (decrease) in other liabilities	(2,989)	1,868
Increase / (decrease) in contract liabilities	15,269	(867)
Increase / (decrease) in employee benefit provision	4,645	(2,304)
Increase / (decrease) in other provisions	2,435	2,377
<b>Net cash provided from operating activities</b>	<b>299,146</b>	<b>267,294</b>

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

Other dedications	39,822	7,661
<b>Total non-cash financing and investing activities</b>	<b>39,822</b>	<b>7,661</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	9,143	5,186
Land and buildings	3,661	7,114
Technology	45	180
Tip assets	2,328	2,123
Stormwater Management infrastructure	913	3,007
Open Space infrastructure	3,439	2,062
Road infrastructure	23,290	7,509
Sewerage and water infrastructure	41,196	35,323
<b>Total commitments</b>	<b>84,015</b>	<b>62,504</b>

### Details of capital commitments

Major projects to continue next year include:

- \* Water Treatment Plant Major Upgrade - Mardi
- \* Sewer infrastructure reinforcements - Gosford CBD
- \* Sewer Main Rehabilitation Program - Region Wide
- \* Gosford Regional Library and Innovation Hub
- \* Magenta Shared Pathway Construction
- \* Skate Park Upgrade - Umina Skate Park
- \* Water Treatment Plant Trunk Mains to Clear Water Tank Upgrade - Mardi
- \* Plant & Fleet Vehicles - Acquisitions
- \* Road Resealing Program

## G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Net Contributions received - Non-cash					
Drainage	23,450	2,397	-	-	543	(542)	-	25,848	-
Roads	19,315	5,811	-	-	608	(26)	-	25,708	(183)
Parking	5,579	-	-	-	83	(2,175)	-	3,487	-
Open space	17,235	6,278	-	-	700	(307)	-	23,906	614
Community facilities	30,916	3,875	-	-	712	-	-	35,503	(2,202)
Other	523	572	-	-	18	(426)	-	687	-
Drainage Capital	7,189	216	-	-	99	(3,999)	-	3,505	-
Drainage Land	3,261	50	-	-	55	(1,464)	-	1,902	-
Storm Water/Flood Mitigation	2,161	11	-	-	65	-	-	2,237	-
Roads Capital	6,211	78	-	-	16	(5,727)	-	578	-
Roads Land	83	-	-	-	-	(83)	-	-	-
Open Space Land	7,943	202	-	-	106	(4,546)	-	3,705	-
Open Space Embellishment	1,683	617	-	-	29	(1,091)	-	1,238	-
Community Capital	8,115	200	-	-	64	(6,109)	-	2,270	-
Community Land	462	12	-	-	14	-	-	488	-
Recreation	2,642	-	-	-	-	(2,642)	-	-	-
Footpaths	776	1	-	-	11	(430)	-	358	-
Environment Protection	897	-	-	-	-	(897)	-	-	-
Towncentre Improvements	1,964	17	-	-	59	-	-	2,040	-
Car Parking Administration	73	-	-	-	2	-	-	75	-
<b>S7.11 contributions – under a plan</b>	<b>140,478</b>	<b>20,337</b>	<b>-</b>	<b>-</b>	<b>3,184</b>	<b>(30,464)</b>	<b>-</b>	<b>133,535</b>	<b>(1,771)</b>
<b>S7.12 levies – under a plan</b>	<b>18,377</b>	<b>1,202</b>	<b>-</b>	<b>-</b>	<b>1,537</b>	<b>30,509</b>	<b>-</b>	<b>51,625</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>158,855</b>	<b>21,539</b>	<b>-</b>	<b>-</b>	<b>4,721</b>	<b>45</b>	<b>-</b>	<b>185,160</b>	<b>(1,771)</b>
S7.11 not under plans	4,978	-	-	-	-	(4,978)	-	-	-
S7.4 planning agreements	5,670	-	-	-	143	-	-	5,814	1,771
S64 contributions - Water	6,209	3,325	-	330	530	(105)	-	10,288	-
S64 contributions - Sewer	18,442	2,851	-	230	697	(4,135)	-	18,086	-
<b>Total contributions</b>	<b>194,154</b>	<b>27,715</b>	<b>-</b>	<b>560</b>	<b>6,091</b>	<b>(9,173)</b>	<b>-</b>	<b>219,348</b>	<b>-</b>

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

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*.

continued on next page ...

G4-1 Summary of developer contributions (continued)

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.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 5 - WEST NARARA (REPEALED)</b>									
Drainage Capital	1,001	-	-	-	-	(1,001)	-	-	-
Drainage Land	124	-	-	-	-	(124)	-	-	-
Roads Capital	260	-	-	-	-	(260)	-	-	-
Open Space Land	430	-	-	-	-	(430)	-	-	-
Community Capital	380	-	-	-	-	(380)	-	-	-
Recreation	197	-	-	-	-	(197)	-	-	-
<b>Total</b>	<b>2,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,392)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 7 - NIAGARA PARK (REPEALED)</b>									
Drainage Capital	304	-	-	-	-	(304)	-	-	-
Roads Capital	60	-	-	-	-	(60)	-	-	-
Open Space Land	42	-	-	-	-	(42)	-	-	-
Community Capital	99	-	-	-	-	(99)	-	-	-
Recreation	33	-	-	-	-	(33)	-	-	-
<b>Total</b>	<b>538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>-</b>	<b>-</b>	<b>-</b>

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 8 - LISAROW (REPEALED)</b>									
	569	-	-	-	-	(569)	-	-	-
	859	-	-	-	-	(859)	-	-	-
	618	-	-	-	-	(618)	-	-	-
	144	-	-	-	-	(144)	-	-	-
	3,181	-	-	-	-	(3,181)	-	-	-
	210	-	-	-	-	(210)	-	-	-
<b>Total</b>	<b>5,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,581)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 16 - KINCUMBER (REPEALED)</b>									
	433	-	-	-	-	(433)	-	-	-
	53	-	-	-	-	(53)	-	-	-
	509	-	-	-	-	(509)	-	-	-
	535	-	-	-	-	(535)	-	-	-
<b>Total</b>	<b>1,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,530)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 21 - KARIONG (REPEALED)</b>									
	403	-	-	-	-	(403)	-	-	-
	54	-	-	-	-	(54)	-	-	-
	1,027	-	-	-	-	(1,027)	-	-	-
	326	-	-	-	-	(326)	-	-	-
<b>Total</b>	<b>1,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,810)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 23 - SPRINGFIELD (REPEALED)</b>									
	44	-	-	-	-	(44)	-	-	-
	35	-	-	-	-	(35)	-	-	-
	377	-	-	-	-	(377)	-	-	-
	534	-	-	-	-	(534)	-	-	-
<b>Total</b>	<b>990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(990)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 31 - PENINSULA</b>									
Drainage Capital	3,190	216	-	-	99	-	-	3,505	-
Drainage Land	1,797	50	-	-	55	-	-	1,902	-
Roads Capital	484	78	-	-	16	-	-	578	-
Open Space Land	3,397	202	-	-	106	-	-	3,705	-
Community Land	462	12	-	-	14	-	-	488	-
Open Space Embellishment	686	616	-	-	29	(100)	-	1,231	-
Community Capital	2,006	200	-	-	64	-	-	2,270	-
<b>Total</b>	<b>12,022</b>	<b>1,374</b>	<b>-</b>	<b>-</b>	<b>383</b>	<b>(100)</b>	<b>-</b>	<b>13,679</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY (REPEALED)</b>									
Other	29	-	-	-	-	(29)	-	-	-
<b>Total</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 42 - ERINA (REPEALED)</b>									
Drainage Capital	1,245	-	-	-	-	(1,245)	-	-	-
Drainage Land	393	-	-	-	-	(393)	-	-	-
Roads Capital	529	-	-	-	-	(529)	-	-	-
Roads Land	83	-	-	-	-	(83)	-	-	-
Open Space Land	1,418	-	-	-	-	(1,418)	-	-	-
Community Capital	1,092	-	-	-	-	(1,092)	-	-	-
Recreation	1,370	-	-	-	-	(1,370)	-	-	-
<b>CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY</b>									
<b>Total</b>	<b>6,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,130)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 43 - EAST GOSFORD (REPEALED)</b>									
Roads Capital	319	-	-	-	-	(319)	-	-	-
Open Space Embellishment	809	-	-	-	-	(809)	-	-	-
Footpaths	290	-	-	-	-	(290)	-	-	-
<b>Total</b>	<b>1,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,418)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Page 83 of 94

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 47A - TERRIGAL</b>									
	Storm Water/Flood Mitigation	2,161	11	-	65	-	-	2,237	-
	Open Space Embellishment	6	1	-	-	-	-	7	-
	Footpaths	346	1	-	11	-	-	358	-
	Towncentre Improvements	1,964	17	-	59	-	-	2,040	-
	<b>Total</b>	<b>4,477</b>	<b>30</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>4,642</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 48 - AVOCA (REPEALED)</b>									
	Open Space Embellishment	135	-	-	-	(135)	-	-	-
	Footpaths	38	-	-	-	(38)	-	-	-
	<b>Total</b>	<b>173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(173)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 49 - NORTH GOSFORD (REPEALED)</b>									
	Open Space Land	416	-	-	-	(416)	-	-	-
	Open Space Embellishment	14	-	-	-	(14)	-	-	-
	Footpaths	102	-	-	-	(102)	-	-	-
	<b>Total</b>	<b>532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(532)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 52 - SPRINGFIELD / ERINA CREEK (REPEALED)</b>									
	Roads Capital	6	-	-	-	(6)	-	-	-
	<b>Total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 57 - JOHN WHITEWAY DRIVE (REPEALED)</b>									
	Roads Capital	54	-	-	-	(54)	-	-	-
	<b>Total</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 58 - ERINA FAIR (REPEALED)</b>									
	Roads Capital	991	-	-	-	(991)	-	-	-
	<b>Total</b>	<b>991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(991)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 67 - WOY WOY PARKING (REPEALED)</b>									
	Parking	1,366	-	-	-	(1,366)	-	-	-
	<b>Total</b>	<b>1,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,366)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 68 - UMINA PARKING (REPEALED)</b>									
Parking	458	-	-	-	-	(458)	-	-	-
<b>Total</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(458)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 69 - TERRIGAL PARKING</b>									
Parking	1,557	-	-	-	47	-	-	1,604	-
Car Parking Administration	73	-	-	-	2	-	-	75	-
<b>Total</b>	<b>1,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>1,679</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 70 - EAST GOSFORD PARKING (REPEALED)</b>									
Parking	229	-	-	-	-	(229)	-	-	-
<b>Total</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 71 - CAR PARKING AVOCA BEACH (REPEALED)</b>									
Parking	5	-	-	-	-	(5)	-	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 72 - ETTALONG CAR PARKING (REPEALED)</b>									
Parking	117	-	-	-	-	(117)	-	-	-
<b>Total</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 98 - BENSVILLE (REPEALED)</b>									
Roads Capital	4	-	-	-	-	(4)	-	-	-
Open Space Embellishment	33	-	-	-	-	(33)	-	-	-
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 164 - GOSFORD (REPEALED)</b>									
Roads Capital	1,946	-	-	-	-	(1,946)	-	-	-
Community Capital	1,031	-	-	-	-	(1,031)	-	-	-
Recreation	832	-	-	-	-	(832)	-	-	-
Environment Protection	897	-	-	-	-	(897)	-	-	-
<b>Total</b>	<b>4,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,706)</b>	<b>-</b>	<b>-</b>	<b>-</b>

continued on next page ...

Page 85 of 94



Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 1 - WYONG</b>									
Drainage	2,185	-	-	-	42	-	-	2,227	-
Roads	2,631	14	-	-	51	-	-	2,696	-
Parking	1,751	-	-	-	34	-	-	1,785	-
Open space	3,029	77	-	-	64	-	-	3,170	-
Community facilities	2,773	107	-	-	66	-	-	2,946	500
Other	53	-	-	-	1	-	-	54	-
<b>Total</b>	<b>12,422</b>	<b>198</b>	<b>-</b>	<b>-</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>12,878</b>	<b>500</b>
<b>CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES</b>									
Drainage	1,359	12	-	-	26	-	-	1,397	-
Roads	945	-	-	-	18	-	-	963	-
Open space	3,109	205	-	-	63	-	-	3,377	325
Community facilities	2,428	548	-	-	57	-	369	3,402	-
Other	3	81	-	-	1	(61)	-	24	-
<b>Total</b>	<b>7,844</b>	<b>846</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>(61)</b>	<b>369</b>	<b>9,163</b>	<b>325</b>
<b>CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE</b>									
Drainage	5	-	-	-	1	-	-	6	-
Roads	3,852	220	-	-	77	(26)	-	4,123	-
Parking	89	-	-	-	2	-	-	91	-
Open space	2,164	123	-	-	43	-	-	2,330	-
Community facilities	51	176	-	-	33	-	-	260	-
<b>Total</b>	<b>6,161</b>	<b>519</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>(26)</b>	<b>-</b>	<b>6,810</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 5 - OURIMBAH</b>									
Roads	267	-	-	-	5	-	-	272	-
Open space	201	9	-	-	4	-	-	214	-
Community facilities	2,117	8	-	-	41	-	-	2,166	-
Other	1	1	-	-	1	(1)	-	2	-
<b>Total</b>	<b>2,586</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>(1)</b>	<b>-</b>	<b>2,654</b>	<b>-</b>

continued on next page ...

Page 86 of 94

Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>CONTRIBUTION PLAN NUMBER 6 - TOUKLEY</b>									
Drainage	6	-	-	-	-	-	-	6	-
Roads	16	-	-	-	1	-	-	17	-
Parking	7	-	-	-	-	-	-	7	-
Open space	1,217	147	-	-	27	-	-	1,391	106
Community facilities	2,116	147	-	-	43	-	-	2,306	-
<b>Total</b>	<b>3,362</b>	<b>294</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>3,727</b>	<b>106</b>
<b>CONTRIBUTION PLAN NUMBER 7 - GOROKAN</b>									
Roads	87	-	-	-	15	-	-	102	-
Open space	1,074	409	-	-	29	-	-	1,512	183
Community facilities	875	342	-	-	21	-	-	1,238	-
Other	3	55	-	-	1	(42)	-	17	-
<b>Total</b>	<b>2,039</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>(42)</b>	<b>-</b>	<b>2,869</b>	<b>183</b>
<b>CONTRIBUTION PLAN NUMBER 8 - SAN REMO</b>									
Drainage	364	3	-	-	7	-	-	374	-
Roads	404	36	-	-	21	-	-	461	-
Open space	1,338	98	-	-	40	-	-	1,476	-
Community facilities	103	81	-	-	3	-	-	187	-
Other	3	13	-	-	-	(9)	-	7	-
<b>Total</b>	<b>2,212</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>(9)</b>	<b>-</b>	<b>2,505</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI</b>									
Roads	86	-	-	-	-	-	-	86	(183)
Open space	547	43	-	-	10	(307)	-	293	-
Community facilities	2,212	35	-	-	42	-	-	2,289	-
Other	2	6	-	-	1	(4)	-	5	-
<b>Total</b>	<b>2,847</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>(311)</b>	<b>-</b>	<b>2,673</b>	<b>(183)</b>

continued on next page ...

Page 87 of 94

Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash	Land					
<b>CONTRIBUTION PLAN NUMBER - 13 SHIRE WIDE</b>									
Open space	1,508	592	-	-	36	-	-	2,136	-
Community facilities	104	449	-	-	1	-	(369)	185	(2,702)
Other	14	86	-	-	1	(65)	-	36	-
<b>Total</b>	<b>1,626</b>	<b>1,127</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>(65)</b>	<b>(369)</b>	<b>2,357</b>	<b>(2,702)</b>
<b>CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS</b>									
Roads	3,046	526	-	-	62	-	-	3,634	-
Open space	1,595	611	-	-	35	-	-	2,241	-
Community facilities	3,494	517	-	-	71	-	-	4,082	-
Other	4	71	-	-	1	(54)	-	22	-
<b>Total</b>	<b>8,139</b>	<b>1,725</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>(54)</b>	<b>-</b>	<b>9,979</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 17 - WARNERVALE DISTRICT</b>									
Drainage	19,531	2,382	-	-	467	(542)	-	21,838	-
Roads	7,981	5,016	-	-	357	-	-	13,354	-
Open space	1,453	3,965	-	-	349	-	-	5,767	-
Community facilities	14,643	1,465	-	-	334	-	-	16,442	-
Other	411	259	-	-	11	(161)	-	520	-
<b>Total</b>	<b>44,019</b>	<b>13,087</b>	<b>-</b>	<b>-</b>	<b>1,518</b>	<b>(703)</b>	<b>-</b>	<b>57,921</b>	<b>-</b>

S7.12 Levies – under a plan

<b>CONTRIBUTION PLAN NUMBER GCIP (INCLUDING REPEALED CONTRIBUTIONS)</b>									
Town-centre Improvements	15,488	611	-	-	1,496	32,912	-	50,507	-
<b>Total</b>	<b>15,488</b>	<b>611</b>	<b>-</b>	<b>-</b>	<b>1,496</b>	<b>32,912</b>	<b>-</b>	<b>50,507</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER WYONG</b>									
Other	2,889	591	-	-	41	(2,403)	-	1,118	-
<b>Total</b>	<b>2,889</b>	<b>591</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>(2,403)</b>	<b>-</b>	<b>1,118</b>	<b>-</b>

Central Coast Council | Notes to the Financial Statements 30 June 2023

G4-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Net Contributions received - Non-cash	Interest and investment income earned	Amounts expended / repealed	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
<b>GOSFORD CITY IMPROVEMENT &amp; ERINA PARKING (REPEALED)</b>									
Parking	2,960	-	-	-	-	(2,960)	-	-	-
Roads Capital	525	-	-	-	-	(525)	-	-	-
Open Space Land	608	-	-	-	-	(608)	-	-	-
Open Space Embellishment	260	-	-	-	-	(260)	-	-	-
Community Capital	541	-	-	-	-	(541)	-	-	-
Environment Protection	84	-	-	-	-	(84)	-	-	-
<b>Total</b>	<b>4,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,978)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**G5 Statement of performance measures****G5-1 Statement of performance measures – consolidated results**

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>1. Operating performance</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>41,320</b>	<b>6.25%</b>	7.73%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>660,632</b>			
<b>2. Own source operating revenue</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>604,010</b>	<b>77.57%</b>	82.49%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>	<b>778,685</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>320,039</b>	<b>1.72x</b>	1.80x	> 1.50x
Current liabilities less specific purpose liabilities	<b>186,002</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>230,990</b>	<b>5.64x</b>	3.98x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	<b>40,971</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>12,687</b>	<b>3.18%</b>	4.75%	< 5.00%
Rates and annual charges collectable	<b>398,810</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus term deposits	<b>314,523</b>	<b>8.32</b>	7.02	> 3.00
Payments from cash flow of operating and financing activities	<b>37,786</b>	<b>months</b>	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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	<b>7.59%</b>	10.83%	<b>(1.08)%</b>	(8.06)%	<b>6.33%</b>	4.90%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1,2</sup>							
<b>2. Own source operating revenue</b>							
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>73.99%</b>	79.34%	<b>90.45%</b>	88.92%	<b>84.51%</b>	94.39%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>1.72x</b>	4.65x	<b>1.39x</b>	No liabilities	<b>3.81x</b>	No liabilities	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1,2</sup>	<b>4.57x</b>	7.96x	<b>5.78x</b>	1.37x	<b>20.24x</b>	3.22x	> 2.00x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>4.08%</b>	3.74%	<b>0.00%</b>	8.27%	<b>0.00%</b>	8.97%	< 5.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year cash and cash equivalents plus term deposits	<b>8.06</b>	6.74	∞	1.89	∞	13.87	> 3.00
Payments from cash flow of operating and financing activities	<b>months</b>	months		months		months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets, 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**

## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

#### Independent Auditor's Report

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



## Central Coast Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

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

# Central Coast Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*A vibrant and sustainable Central Coast*



## Central Coast Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
<b>Statement by Administrator and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement – Drainage	6
Income Statement – Holiday Parks	7
Income Statement – Leisure Centres	8
Income Statement – Child Care	9
Income Statement – Commercial Waste	10
Income Statement – Building Certification	11
Statement of Financial Position of water supply business activity	12
Statement of Financial Position of sewerage business activity	13
Statement of Financial Position – Drainage	14
Statement of Financial Position – Holiday Parks	15
Statement of Financial Position – Leisure Centres	16
Statement of Financial Position – Child Care	17
Statement of Financial Position – Commercial Waste	18
Statement of Financial Position – Building Certification	19
<b>Note – Significant Accounting Policies</b>	<b>20</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>23</b>

#### 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 2023

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#### 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 31 October 2023.**

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[Mayor]  
**Administrator**  
dd MMMM yyyy

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[Councillor]  
**Chief Executive Officer**  
dd MMMM yyyy

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[ResponsibleAccountingOfficer]  
**Responsible Accounting Officer**  
dd MMMM yyyy

Central Coast Council | Income Statement of water supply business activity | for the year ended 30 June 2023

## Central Coast Council

### Income Statement of water supply business activity for the year ended 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>Income from continuing operations</b>		
Access charges	22,339	12,212
User charges	62,892	55,925
Fees	1,796	1,788
Interest and investment income	800	318
Grants and contributions provided for operating purposes	201	34
Other income	174	5
<b>Total income from continuing operations</b>	<b>88,202</b>	<b>70,282</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	14,015	12,562
Borrowing costs	7,158	7,776
Materials and services	30,806	24,581
Depreciation, amortisation and impairment	35,186	30,815
Water purchase charges	378	369
Net loss from the disposal of assets	1,372	–
Calculated taxation equivalents	690	680
Other expenses	238	52
<b>Total expenses from continuing operations</b>	<b>89,843</b>	<b>76,835</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,641)</b>	<b>(6,553)</b>
Grants and contributions provided for capital purposes	9,088	8,718
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>7,447</b>	<b>2,165</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>7,447</b>	<b>2,165</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>Surplus (deficit) after tax</b>	<b>7,447</b>	<b>2,165</b>
<b>Opening accumulated surplus</b>	<b>948,500</b>	<b>945,655</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	690	680
<b>Closing accumulated surplus</b>	<b>956,637</b>	<b>948,500</b>
<b>Return on capital %</b>	<b>0.4%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>49,814</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	7,447	2,165
Less: capital grants and contributions (excluding developer contributions)	(9,088)	(8,718)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

(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.

**Attachment 2**

Central Coast Council | Income Statement of sewerage business activity | for the year ended 30 June 2023

**Central Coast Council**

**Income Statement of sewerage business activity**  
for the year ended 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>Income from continuing operations</b>		
Access charges	65,155	57,850
User charges	18,783	16,607
Liquid trade waste charges	3,036	2,766
Fees	1,136	1,050
Interest and investment income	5,359	2,026
Grants and contributions provided for operating purposes	167	21
Net gain from the disposal of assets	-	9
Other income	1,541	106
<b>Total income from continuing operations</b>	<b>95,177</b>	<b>80,435</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	14,366	13,090
Borrowing costs	2,236	2,684
Materials and services	34,215	26,676
Depreciation, amortisation and impairment	36,991	34,035
Net loss from the disposal of assets	806	-
Calculated taxation equivalents	239	236
Other expenses	537	3,021
<b>Total expenses from continuing operations</b>	<b>89,390</b>	<b>79,742</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>5,787</b>	<b>693</b>
Grants and contributions provided for capital purposes	17,242	4,759
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>23,029</b>	<b>5,452</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>23,029</b>	<b>5,452</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,447)	(173)
<b>Surplus (deficit) after tax</b>	<b>21,582</b>	<b>5,279</b>
<b>Opening accumulated surplus</b>	<b>1,492,792</b>	<b>1,487,104</b>
<b>Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	239	236
- Corporate taxation equivalent	1,447	173
<b>Closing accumulated surplus</b>	<b>1,516,060</b>	<b>1,492,792</b>
<b>Return on capital %</b>	<b>0.5%</b>	<b>0.2%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>52,178</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	21,582	5,279
Less: capital grants and contributions (excluding developer contributions)	(17,242)	(4,759)
<b>Surplus for dividend calculation purposes</b>	<b>4,340</b>	<b>520</b>
<b>Dividend calculated from surplus</b>	<b>2,170</b>	<b>260</b>

(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.

**Attachment 2**

Central Coast Council | Income Statement – Drainage | for the year ended 30 June 2023

**Central Coast Council****Income Statement – Drainage**

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 <sup>1</sup> Category 1
<b>Income from continuing operations</b>		
Annual charges	18,891	15,610
Interest and investment income	90	65
Grants and contributions provided for operating purposes	64	62
Other income	7	–
<b>Total income from continuing operations</b>	<b>19,052</b>	<b>15,737</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,925	1,591
Borrowing costs	461	477
Materials and services	8,523	5,169
Depreciation, amortisation and impairment	13,352	13,652
Net loss from the disposal of assets	329	–
Calculated taxation equivalents	77	77
Other expenses	3	32
<b>Total expenses from continuing operations</b>	<b>24,670</b>	<b>20,998</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(5,618)</b>	<b>(5,261)</b>
Grants and contributions provided for capital purposes	7,733	2,403
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,115</b>	<b>(2,858)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,115</b>	<b>(2,858)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,115</b>	<b>(2,858)</b>
<b>Opening accumulated surplus</b>	<b>1,007,448</b>	<b>1,010,229</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	77	77
<b>Closing accumulated surplus</b>	<b>1,009,640</b>	<b>1,007,448</b>
<b>Return on capital %</b>	<b>(0.4)%</b>	<b>(0.4)%</b>
<b>Subsidy from Council</b>	<b>5,157</b>	<b>49,121</b>

(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 2023

## Central Coast Council

### Income Statement – Holiday Parks

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	12,504	10,682
Fees	9	–
<b>Total income from continuing operations</b>	<b>12,513</b>	<b>10,682</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	323	260
Borrowing costs	36	–
Materials and services	8,315	7,445
Depreciation, amortisation and impairment	910	543
Net loss from the disposal of assets	–	53
Calculated taxation equivalents	281	284
Other expenses	492	468
<b>Total expenses from continuing operations</b>	<b>10,357</b>	<b>9,053</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,156</b>	<b>1,629</b>
Grants and contributions provided for capital purposes	21	10
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,177</b>	<b>1,639</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,177</b>	<b>1,639</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(539)	(407)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,638</b>	<b>1,232</b>
<b>Opening accumulated surplus</b>	<b>34,720</b>	<b>32,328</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	281	284
– Corporate taxation equivalent	539	407
– Subsidy paid/contribution to operations	7,267	469
<b>Closing accumulated surplus</b>	<b>44,445</b>	<b>34,720</b>
<b>Return on capital %</b>	<b>6.6%</b>	<b>7.0%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>



Central Coast Council | Income Statement – Leisure Centres | for the year ended 30 June 2023

## Central Coast Council

### Income Statement – Leisure Centres

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	7,571	4,501
Other income	530	363
<b>Total income from continuing operations</b>	<b>8,101</b>	<b>4,864</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,721	5,127
Materials and services	4,531	3,905
Depreciation, amortisation and impairment	1,941	2,153
Net loss from the disposal of assets	6	7
Calculated taxation equivalents	561	451
<b>Total expenses from continuing operations</b>	<b>13,760</b>	<b>11,643</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(5,659)</b>	<b>(6,779)</b>
Grants and contributions provided for capital purposes	67	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(5,592)</b>	<b>(6,779)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(5,592)</b>	<b>(6,779)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(5,592)</b>	<b>(6,779)</b>
<b>Opening accumulated surplus</b>	<b>41,152</b>	<b>41,658</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	561	451
– Subsidy payable/contribution to operations by Council	15,421	5,822
<b>Closing accumulated surplus</b>	<b>51,542</b>	<b>41,152</b>
<b>Return on capital %</b>	<b>(9.6)%</b>	<b>(14.2)%</b>
<b>Subsidy from Council</b>	<b>5,659</b>	<b>8,527</b>

**Attachment 2**

Central Coast Council | Income Statement – Child Care | for the year ended 30 June 2023

**Central Coast Council****Income Statement – Child Care**

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	8,091	7,215
Grants and contributions provided for operating purposes	549	630
Other income	–	1
<b>Total income from continuing operations</b>	<b>8,640</b>	<b>7,846</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,542	5,845
Borrowing costs	22	22
Materials and services	2,199	2,145
Depreciation, amortisation and impairment	367	376
Net loss from the disposal of assets	20	10
Calculated taxation equivalents	370	300
<b>Total expenses from continuing operations</b>	<b>9,520</b>	<b>8,698</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(880)</b>	<b>(852)</b>
Grants and contributions provided for capital purposes	154	8
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(726)</b>	<b>(844)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(726)</b>	<b>(844)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(726)</b>	<b>(844)</b>
<b>Opening accumulated surplus</b>	<b>6,900</b>	<b>6,571</b>
Plus/less: other adjustments (prior year subsidy payable by Council)	–	–
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	370	300
– Subsidy payable/contribution to operations by Council	2,636	873
<b>Closing accumulated surplus</b>	<b>9,180</b>	<b>6,900</b>
<b>Return on capital %</b>	<b>(8.1)%</b>	<b>(10.3)%</b>
<b>Subsidy from Council</b>	<b>858</b>	<b>1,124</b>

Central Coast Council | Income Statement – Commercial Waste | for the year ended 30 June 2023

## Central Coast Council

### Income Statement – Commercial Waste

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
Annual charges	4,310	4,167
Interest and investment income	9	8
<b>Total income from continuing operations</b>	<b>4,319</b>	<b>4,175</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	19	19
Materials and services	1,490	1,535
Other expenses	2,801	2,300
<b>Total expenses from continuing operations</b>	<b>4,310</b>	<b>3,854</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>9</b>	<b>321</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9</b>	<b>321</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9</b>	<b>321</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(2)	(80)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>7</b>	<b>241</b>
<b>Opening accumulated surplus</b>	<b>(25)</b>	<b>461</b>
<b>Adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	2	80
– Subsidy paid/contribution to operations	(272)	(807)
<b>Closing accumulated surplus</b>	<b>(288)</b>	<b>(25)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

Central Coast Council | Income Statement – Building Certification | for the year ended 30 June 2023

## Central Coast Council

### Income Statement – Building Certification

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
Fees	652	866
Other income	2	4
<b>Total income from continuing operations</b>	<b>654</b>	<b>870</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,547	2,153
Materials and services	1,225	901
Calculated taxation equivalents	78	52
<b>Total expenses from continuing operations</b>	<b>3,850</b>	<b>3,106</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,196)</b>	<b>(2,236)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(3,196)</b>	<b>(2,236)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(3,196)</b>	<b>(2,236)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(3,196)</b>	<b>(2,236)</b>
<b>Opening accumulated surplus</b>	<b>(1,058)</b>	<b>(1,282)</b>
<b>Adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	78	52
– Subsidy payable/contribution to operations by Council	2,986	2,408
<b>Closing accumulated surplus</b>	<b>(1,190)</b>	<b>(1,058)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>3,196</b>	<b>2,236</b>

**Attachment 2**

Central Coast Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2023

**Central Coast Council****Statement of Financial Position of water supply business activity**

as at 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,892	1,576
Investments	17,903	8,375
Receivables	24,444	19,060
Other	252	69
<b>Total current assets</b>	<b>44,491</b>	<b>29,080</b>
<b>Non-current assets</b>		
Right of use assets	464	–
Investments	547	547
Receivables	227	227
Infrastructure, property, plant and equipment	1,469,060	1,394,454
<b>Total non-current assets</b>	<b>1,470,298</b>	<b>1,395,228</b>
<b>Total assets</b>	<b>1,514,789</b>	<b>1,424,308</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	2,286	62
Lease liabilities	103	–
Provisions	748	731
Payables	10,428	7,685
Borrowings	13,527	12,845
Employee benefit provisions	4,851	4,362
<b>Total current liabilities</b>	<b>31,943</b>	<b>25,685</b>
<b>Non-current liabilities</b>		
Contract liabilities	–	2,254
Lease liabilities	422	–
Provisions	1,214	1,102
Borrowings	116,641	130,174
Employee benefit provisions	217	–
<b>Total non-current liabilities</b>	<b>118,494</b>	<b>133,530</b>
<b>Total liabilities</b>	<b>150,437</b>	<b>159,215</b>
<b>Net assets</b>	<b>1,364,352</b>	<b>1,265,093</b>
<b>EQUITY</b>		
Accumulated surplus	956,640	948,500
IPPE revaluation reserves	407,712	316,593
<b>Total equity</b>	<b>1,364,352</b>	<b>1,265,093</b>

(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 | for the year ended 30 June 2023

## Central Coast Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,191	9,631
Investments	77,511	51,165
Receivables	16,195	16,314
Other	252	69
Non-current assets classified as held for sale	480	–
<b>Total current assets</b>	<b>102,629</b>	<b>77,179</b>
<b>Non-current assets</b>		
Right of use assets	464	–
Investments	78,734	78,734
Receivables	9,072	10,035
Infrastructure, property, plant and equipment	1,634,691	1,517,895
<b>Total non-current assets</b>	<b>1,722,961</b>	<b>1,606,664</b>
<b>Total assets</b>	<b>1,825,590</b>	<b>1,683,843</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	10,585	109
Lease liabilities	103	–
Provisions	642	1,025
Payables	7,846	6,054
Borrowings	3,258	3,080
Employee benefit provisions	4,527	4,383
<b>Total current liabilities</b>	<b>26,961</b>	<b>14,651</b>
<b>Non-current liabilities</b>		
Contract liabilities	899	944
Lease liabilities	422	–
Provisions	725	826
Borrowings	31,541	34,799
Employee benefit provisions	149	–
<b>Total non-current liabilities</b>	<b>33,736</b>	<b>36,569</b>
<b>Total liabilities</b>	<b>60,697</b>	<b>51,220</b>
<b>Net assets</b>	<b>1,764,893</b>	<b>1,632,623</b>
<b>EQUITY</b>		
Accumulated surplus	1,516,066	1,492,792
IPPE revaluation reserves	248,827	139,831
<b>Total equity</b>	<b>1,764,893</b>	<b>1,632,623</b>

(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 | for the year ended 30 June 2023

## Central Coast Council

### Statement of Financial Position – Drainage

as at 30 June 2023

\$ '000	2023 Category 1	2022 <sup>1</sup> Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	71	30
Investments	669	158
Receivables	2,981	2,947
<b>Total current assets</b>	<b>3,721</b>	<b>3,135</b>
<b>Non-current assets</b>		
Investments	95	95
Receivables	1	1
Infrastructure, property, plant and equipment	1,289,053	1,211,380
Intangible assets	–	–
<b>Total non-current assets</b>	<b>1,289,149</b>	<b>1,211,476</b>
<b>Total assets</b>	<b>1,292,870</b>	<b>1,214,611</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	131	227
Payables	743	1,626
Borrowings	26,243	26,423
Employee benefit provisions	93	98
<b>Total current liabilities</b>	<b>27,210</b>	<b>28,374</b>
<b>Non-current liabilities</b>		
Contract liabilities	1,375	1,304
Borrowings	6,857	7,398
Employee benefit provisions	10	–
<b>Total non-current liabilities</b>	<b>8,242</b>	<b>8,702</b>
<b>Total liabilities</b>	<b>35,452</b>	<b>37,076</b>
<b>NET ASSETS</b>	<b>1,257,418</b>	<b>1,177,535</b>
<b>EQUITY</b>		
Accumulated surplus	1,009,648	1,007,448
IPPE revaluation reserves	247,770	170,087
<b>Total equity</b>	<b>1,257,418</b>	<b>1,177,535</b>

(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

**Attachment 2**

Central Coast Council | Statement of Financial Position – Holiday Parks | for the year ended 30 June 2023

**Central Coast Council****Statement of Financial Position – Holiday Parks**

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	13,688	14,721
Receivables	264	107
<b>Total current assets</b>	<b>13,952</b>	<b>14,828</b>
<b>Non-current assets</b>		
Right of use assets	1,210	–
Infrastructure, property, plant and equipment	33,289	23,221
<b>Total non-current assets</b>	<b>34,499</b>	<b>23,221</b>
<b>Total assets</b>	<b>48,451</b>	<b>38,049</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	1,748	1,992
Lease liabilities	22	–
Payables	946	1,279
Employee benefit provisions	71	58
<b>Total current liabilities</b>	<b>2,787</b>	<b>3,329</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,219	–
<b>Total non-current liabilities</b>	<b>1,219</b>	<b>–</b>
<b>Total liabilities</b>	<b>4,006</b>	<b>3,329</b>
<b>NET ASSETS</b>	<b>44,445</b>	<b>34,720</b>
<b>EQUITY</b>		
Accumulated surplus	44,445	34,720
<b>Total equity</b>	<b>44,445</b>	<b>34,720</b>



**Attachment 2**

Central Coast Council | Statement of Financial Position – Leisure Centres | for the year ended 30 June 2023

**Central Coast Council****Statement of Financial Position – Leisure Centres**

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	-	-
Receivables	-	-
<b>Total current assets</b>	<b>-</b>	<b>-</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	58,681	47,772
<b>Total non-current assets</b>	<b>58,681</b>	<b>47,772</b>
<b>Total assets</b>	<b>58,681</b>	<b>47,772</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	316	29
Payables	264	113
Employee benefit provisions	1,071	990
<b>Total current liabilities</b>	<b>1,651</b>	<b>1,132</b>
<b>Non-current liabilities</b>		
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,651</b>	<b>1,132</b>
<b>NET ASSETS</b>	<b>57,030</b>	<b>46,640</b>
<b>EQUITY</b>		
Accumulated surplus	51,542	41,152
IPPE Revaluation reserves	5,488	5,488
<b>Total equity</b>	<b>57,030</b>	<b>46,640</b>

**Attachment 2**

Central Coast Council | Statement of Financial Position – Child Care | for the year ended 30 June 2023

**Central Coast Council****Statement of Financial Position – Child Care**

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	271	190
<b>Total current assets</b>	<b>271</b>	<b>190</b>
<b>Non-current assets</b>		
Right of use assets	401	415
Infrastructure, property, plant and equipment	10,549	8,044
<b>Total non-current assets</b>	<b>10,950</b>	<b>8,459</b>
<b>Total assets</b>	<b>11,221</b>	<b>8,649</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	160	60
Payables	77	96
Employee benefit provisions	1,329	1,123
Provisions	1	–
<b>Total current liabilities</b>	<b>1,567</b>	<b>1,279</b>
<b>Non-current liabilities</b>		
Lease liabilities	474	470
<b>Total non-current liabilities</b>	<b>474</b>	<b>470</b>
<b>Total liabilities</b>	<b>2,041</b>	<b>1,749</b>
<b>NET ASSETS</b>	<b>9,180</b>	<b>6,900</b>
<b>EQUITY</b>		
Accumulated surplus	9,180	6,900
<b>Total equity</b>	<b>9,180</b>	<b>6,900</b>

**Attachment 2**

Central Coast Council | Statement of Financial Position – Commercial Waste | for the year ended 30 June 2023

**Central Coast Council****Statement of Financial Position – Commercial Waste**

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	195	112
<b>Total current assets</b>	<b>195</b>	<b>112</b>
<b>Non-current assets</b>		
Receivables	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>195</b>	<b>112</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	483	137
<b>Total current liabilities</b>	<b>483</b>	<b>137</b>
<b>Non-current liabilities</b>		
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>483</b>	<b>137</b>
<b>NET ASSETS</b>	<b>(288)</b>	<b>(25)</b>
<b>EQUITY</b>		
Accumulated surplus / (deficit)	(288)	(25)
<b>Total equity</b>	<b>(288)</b>	<b>(25)</b>

Central Coast Council | Statement of Financial Position – Building Certification | for the year ended 30 June 2023

## Central Coast Council

### Statement of Financial Position – Building Certification

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
	-	-
<b>Total current assets</b>	<b>-</b>	<b>-</b>
<b>Non-current assets</b>		
	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	1,190	1,058
<b>Total current liabilities</b>	<b>1,190</b>	<b>1,058</b>
<b>Non-current liabilities</b>		
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,190</b>	<b>1,058</b>
<b>NET ASSETS</b>	<b>(1,190)</b>	<b>(1,058)</b>
<b>EQUITY</b>		
Accumulated deficit	(1,190)	(1,058)
<b>Total equity</b>	<b>(1,190)</b>	<b>(1,058)</b>

## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows. These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the *Local Government Act 1993 (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'.

continued on next page ...

Page 21 of 23

### Note – Significant Accounting Policies (continued)

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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.**

Central Coast Council

Special Purpose Financial Statements  
for the year ended 30 June 2023

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# Central Coast Council - Water Supply Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
<b>Statement by the Administrator and Chief Executive Officer</b>	<b>3</b>
<b>Primary Financial Statements:</b>	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements	51

#### Overview

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

2 Hely Sreet, Wyong NSW 2259

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

## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements

for the year ended 30 June 2023

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#### Statement by the Administrator and Chief Executive Officer

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

- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board

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 dd MMMM yyyy.

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Rik Hart  
Administrator

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David Farmer  
Chief Executive Officer

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Emma Galea  
Responsible Accounting Officer

Central Coast Council - Water Supply Authority | Income Statement | for the year ended 30 June 2023

## Central Coast Council - Water Supply Authority

## Income Statement

for the year ended 30 June 2023

\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>			
Annual charges	B1-1	106,386	85,670
User charges and fees	B1-2	87,644	78,136
Other revenues	B1-3	18	112
Grants and contributions provided for operating purposes	B1-4	432	117
Grants and contributions provided for capital purposes	B1-4	34,645	15,879
Interest and investment income	B1-5	5,830	1,959
Other income	B2-6	1,121	-
Net gain from the disposal of assets	B3-1	-	9
<b>Total income from continuing operations</b>		<b>236,076</b>	<b>181,882</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	B2-1	30,309	27,242
Materials and services	B2-2	73,942	56,794
Borrowing costs	B2-3	9,435	10,489
Depreciation, amortisation and impairment of non-financial assets	B2-4	85,530	78,501
Other expenses	B2-5	755	3,102
Net loss from the disposal of assets	B3-1	2,507	-
<b>Total expenses from continuing operations</b>		<b>202,478</b>	<b>176,128</b>
<b>Net operating result for the year attributable to Central Coast Council Water Supply Authority</b>		<b>33,598</b>	<b>5,754</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,047)</b>	<b>(10,125)</b>

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

Central Coast Council - Water Supply Authority | Statement of Comprehensive Income | for the year ended 30 June 2023

## Central Coast Council - Water Supply Authority

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>33,598</b>	5,754
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>277,815</u>	<u>264,965</u>
<b>Total other comprehensive income for the year</b>		<b><u>277,815</u></b>	<b><u>264,965</u></b>
<b>Total comprehensive income for the year attributable to Central Coast Council Water Supply Authority</b>		<b><u>311,413</u></b>	<b><u>270,719</u></b>

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

Central Coast Council - Water Supply Authority | Statement of Financial Position | for the year ended 30 June 2023

## Central Coast Council - Water Supply Authority

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	10,153	11,236
Investments	C1-2	96,084	59,696
Receivables	C1-4	43,174	37,900
Current assets classified as held for sale	C1-7	480	-
Other	C1-7	503	138
<b>Total current assets</b>		<b>150,394</b>	<b>108,970</b>
<b>Non-current assets</b>			
Investments	C1-2	79,376	79,376
Receivables	C1-4	2,549	3,065
Infrastructure, property, plant and equipment (IPPE)	C1-5	4,392,803	4,123,730
<b>Total non-current assets</b>		<b>4,475,656</b>	<b>4,206,171</b>
<b>Total assets</b>		<b>4,626,050</b>	<b>4,315,141</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	19,017	15,365
Contract liabilities	C2-2	10,747	398
Lease liabilities	C2-1	206	-
Borrowings	C2-3	42,584	41,928
Employee benefit provisions	C2-4	9,846	8,842
Provisions	C2-5	1,390	1,756
<b>Total current liabilities</b>		<b>83,790</b>	<b>68,289</b>
<b>Non-current liabilities</b>			
Contract liabilities	C2-2	4,528	4,502
Lease liabilities	C2-1	844	-
Borrowings	C2-3	148,287	165,173
Provisions	C2-5	1,939	1,928
<b>Total non-current liabilities</b>		<b>155,598</b>	<b>171,603</b>
<b>Total liabilities</b>		<b>239,388</b>	<b>239,892</b>
<b>Net assets</b>		<b>4,386,662</b>	<b>4,075,249</b>
<b>EQUITY</b>			
Accumulated surplus		3,482,356	3,448,758
IPPE revaluation reserve	C3-1	904,306	626,491
<b>Equity interest</b>		<b>4,386,662</b>	<b>4,075,249</b>
<b>Total equity</b>		<b>4,386,662</b>	<b>4,075,249</b>

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

Central Coast Council - Water Supply Authority | Statement of Changes in Equity | for the year ended 30 June 2023

## Central Coast Council - Water Supply Authority

### Statement of Changes in Equity for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
<b>\$ '000</b>							
Opening balance at 1 July		3,448,758	626,491	4,075,249	3,443,004	361,526	3,804,530
<b>Restated opening balance</b>		<b>3,448,758</b>	<b>626,491</b>	<b>4,075,249</b>	<b>3,443,004</b>	<b>361,526</b>	<b>3,804,530</b>
Net operating result for the year		33,598	–	33,598	5,754	–	5,754
<b>Restated net operating result for the period</b>		<b>33,598</b>	<b>–</b>	<b>33,598</b>	<b>5,754</b>	<b>–</b>	<b>5,754</b>
<b>Other comprehensive income</b>							
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	277,815	277,815	–	264,965	264,965
<b>Total comprehensive income</b>		<b>33,598</b>	<b>277,815</b>	<b>311,413</b>	<b>5,754</b>	<b>264,965</b>	<b>270,719</b>
<b>Restated closing balance at 30 June</b>		<b>3,482,356</b>	<b>904,306</b>	<b>4,386,662</b>	<b>3,448,758</b>	<b>626,491</b>	<b>4,075,249</b>

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

Central Coast Council - Water Supply Authority | Statement of Cash Flows | for the year ended 30 June 2023

## Central Coast Council - Water Supply Authority

## Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>			
<i>Receipts:</i>			
Rates and annual charges		105,789	85,412
User charges and fees		87,705	75,592
Interest received		5,267	1,671
Grants and contributions		39,302	15,031
Bonds, deposits and retentions received		20	-
Other		(4,487)	(3,021)
<i>Payments:</i>			
Payments to employees		(28,853)	(27,512)
Payments for materials and services		(70,627)	(54,452)
Borrowing costs		(9,435)	(10,489)
Bonds, deposits and retentions refunded		-	(195)
Other		(260)	(373)
<b>Net cash flows from operating activities</b>	G1-1	<b>124,421</b>	81,664
<b>Cash flows from investing activities</b>			
<i>Receipts:</i>			
Sale of investments		131,272	11,812
Proceeds from sale of IPPE		-	56
<i>Payments:</i>			
Purchase of investments		(167,128)	(22,260)
Acquisition of term deposits		-	2
Payments for IPPE		(73,331)	(44,541)
<b>Net cash flows from investing activities</b>		<b>(109,187)</b>	(54,931)
<b>Cash flows from financing activities</b>			
<i>Receipts:</i>			
Proceeds from borrowings		-	31,432
<i>Payments:</i>			
Repayment of borrowings		(16,230)	(56,306)
Principal component of lease payments		(87)	-
<b>Net cash flows from financing activities</b>		<b>(16,317)</b>	(24,874)
<b>Net change in cash and cash equivalents</b>		<b>(1,083)</b>	1,859
Plus: cash and cash equivalents – beginning of period		11,236	9,377
<b>Cash and cash equivalents at end of year</b>	C1-1	<b>10,153</b>	11,236
plus: Investments on hand at end of year	C1-2	175,460	139,072
<b>Total cash, cash equivalents and investments</b>		<b>185,613</b>	150,308

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



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## Central Coast Council - Water Supply Authority

## Contents for the notes to the Financial Statements for the year ended 30 June 2023

<b>A About Council and these financial statements</b>	<b>11</b>
A1-1 Basis of preparation	11
<b>B Financial Performance</b>	<b>13</b>
<b>B1 Sources of income</b>	<b>13</b>
B1-1 Annual charges	13
B1-2 User charges and fees	13
B1-3 Other revenues	14
B1-4 Grants and contributions	15
B1-5 Interest and investment income	17
<b>B2 Costs of providing services</b>	<b>18</b>
B2-1 Employee benefits and on-costs	18
B2-2 Materials and services	19
B2-3 Borrowing costs	19
B2-4 Depreciation, amortisation and impairment of non-financial assets	20
B2-5 Other expenses	21
<b>B3 Gains or losses</b>	<b>21</b>
B3-1 Gain or loss from the disposal, replacement and de-recognition of assets	21
<b>C Financial position</b>	<b>22</b>
<b>C1 Assets we manage</b>	<b>22</b>
C1-1 Cash and cash equivalents	22
C1-2 Financial investments	22
C1-3 Restricted and allocated cash, cash equivalents and investments	24
C1-4 Receivables	25
C1-5 Infrastructure, property, plant and equipment	26
C1-6 Intangible assets	29
C1-7 Other	29
<b>C2 Liabilities of Council</b>	<b>30</b>
C2-1 Payables	30
C2-2 Contract Liabilities	31
C2-3 Borrowings	31
C2-4 Employee benefit provisions	33
C2-5 Provisions	34
<b>C3 Reserves</b>	<b>36</b>
C3-1 Nature and purpose of reserves	36
<b>D Risks and accounting uncertainties</b>	<b>37</b>
D1-1 Risks relating to financial instruments held	37
D2-1 Fair value measurement	40
D3-1 Contingencies	46
<b>E People and relationships</b>	<b>47</b>
<b>E1 Related party disclosures</b>	<b>47</b>
E1-1 Key management personnel (KMP)	47

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## Central Coast Council - Water Supply Authority

### Contents for the notes to the Financial Statements for the year ended 30 June 2023

---

<b>F Other matters</b>	<b>48</b>
F1-1 Statement of Cash Flows information	48
F2-1 Commitments	49
F3-1 Events occurring after the reporting date	50

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Central Coast Council Water Supply Authority (CCCWSA) on 31 October 2023.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations.

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

CCCWSA is a not for profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CCCWSA's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on CCCWSA and that are believed to be reasonable under the circumstances.

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

CCCWSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) fair values of infrastructure, property, plant and equipment – refer Note D2
- (ii) employee benefit provisions – refer Note C2-4

#### **Significant judgements in applying the Central Coast Council Water Supply Authority's accounting policies**

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B1-2 – B1-4.

#### **Goods and Services Tax (GST)**

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

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

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

#### **Volunteer services**

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

continued on next page ...

Page 11 of 51

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

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

Volunteer services will only be recognised when:

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

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

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

##### The Consolidated Fund

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

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

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

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

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

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

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

During the year CCCWSA adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**B Financial Performance****B1 Sources of income****B1-1 Annual charges**

\$ '000	2023	2022
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Water supply services	23,341	13,056
Sewerage services	65,687	58,385
Drainage	18,891	15,609
Liquid trade waste	585	307
Less: pensioner rebates (State Government funded)	(2,214)	(2,174)
Less: pensioner rebates (CCCWSA funded)	(1,813)	(1,858)
<b>Annual charges levied</b>	<b>104,477</b>	<b>83,325</b>
Pensioner annual charges subsidies received:		
– Water	1,028	1,167
– Sewerage	881	1,178
<b>Total annual charges</b>	<b>106,386</b>	<b>85,670</b>

**Accounting policy**

Annual charges are recognised as revenue at the beginning of the period to which they relate.

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

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

**B1-2 User charges and fees**

\$ '000	2023	2022
<b>User charges</b>		
Water supply services	62,892	55,925
Sewerage services	18,783	16,607
Liquid trade waste	3,036	2,766
<b>Total user charges</b>	<b>84,711</b>	<b>75,298</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023	2022
<b>Fees</b>		
Building services – other	305	299
Inspection services	258	119
Regulatory/ statutory fees	242	294
Registration fees	6	4
Water connection fees	989	1,079
Sewer connection fees	501	472
Sewer diagrams	347	389
Special water meter reading fees	37	42
Water carters licence fees	156	70
Other	92	70
<b>Total fees</b>	<b>2,122</b>	<b>2,122</b>
<b>Total other user charges and fees</b>	<b>2,933</b>	<b>2,838</b>
<b>Total user charges and fees</b>	<b>87,644</b>	<b>78,136</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised at a point in time	87,644	78,136
<b>Total user charges and fees</b>	<b>87,644</b>	<b>78,136</b>

**Accounting policy**

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for CCCWSA in relation to refunds or returns.

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

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

**B1-3 Other revenues**

\$ '000	2023	2022
Sales – general	2	–
Other supply/ services	15	111
Other	1	1
<b>Total other revenue</b>	<b>18</b>	<b>112</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised at a point in time	18	112
<b>Total other revenue</b>	<b>18</b>	<b>112</b>

**Accounting policy for other revenue**

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## B1-4 Grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Drainage / environment	-	-	1,136	1,246
Environmental programs	60	42	-	-
LIRS subsidy	4	20	-	-
Water / sewer infrastructure	-	-	18,419	5,665
Other specific grants	275	10	-	-
Sewerage (excl. section 64 contributions)	-	-	-	138
Water supplies (excl. section 64 contributions)	-	-	-	45
Other contributions	93	45	2	9
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>432</b>	<b>117</b>	<b>19,557</b>	<b>7,103</b>
<b>Non-cash contributions</b>				
Other	-	-	4,500	-
<b>Total other contributions – non-cash</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>-</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>432</b>	<b>117</b>	<b>24,057</b>	<b>7,103</b>
<b>Total grants and non-developer contributions</b>	<b>432</b>	<b>117</b>	<b>24,057</b>	<b>7,103</b>
<b>Comprising:</b>				
- Commonwealth funding	-	-	145	351
- State funding	338	72	19,412	6,605
- Other funding	94	45	4,500	147
	<b>432</b>	<b>117</b>	<b>24,057</b>	<b>7,103</b>
<b>Developer contributions</b>				
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>				
<b>Cash contributions</b>				
S 64 – water supply contributions	-	-	3,325	4,705
S 64 – sewerage service contributions	-	-	2,851	2,293
S 7.11 – drainage assets	-	-	2,677	1,151
<b>Total developer contributions – cash</b>	<b>-</b>	<b>-</b>	<b>8,853</b>	<b>8,149</b>
<b>Non-cash contributions</b>				
S 64 – water supply contributions	-	-	1,015	293
S 64 – sewerage service contributions	-	-	720	334
<b>Total developer contributions non-cash</b>	<b>-</b>	<b>-</b>	<b>1,735</b>	<b>627</b>
<b>Total developer contributions</b>	<b>-</b>	<b>-</b>	<b>10,588</b>	<b>8,776</b>
<b>Total contributions</b>	<b>-</b>	<b>-</b>	<b>10,588</b>	<b>8,776</b>
<b>Total grants and contributions</b>	<b>432</b>	<b>117</b>	<b>34,645</b>	<b>15,879</b>
<b>Timing of revenue recognition for grants and contributions</b>				
Grants and contributions recognised over time	377	107	10,590	15,879
Grants and contributions recognised at a point in time	55	10	24,055	-
<b>Total grants and contributions</b>	<b>432</b>	<b>117</b>	<b>34,645</b>	<b>15,879</b>

continued on next page ...

Page 15 of 51

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**B1-4 Grants and contributions (continued)****Unspent grants and contributions**

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	77	9	2,375	2,255
<b>Add:</b> Funds received and not recognised as revenue in the current year	83	77	10,477	120
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(77)	(9)	(120)	–
<b>Unspent funds at 30 June</b>	<b>83</b>	<b>77</b>	<b>12,732</b>	<b>2,375</b>

Capital grant unspent and held as a restriction at year end \$2,255k relates to the Climate Change Fund.

**Contributions**

Unspent funds at 1 July	–	–	63,745	58,893
<b>Add:</b> contributions received and not recognised as revenue in the current year	30	–	7,168	9,392
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(5,957)	(4,540)
<b>Unspent contributions at 30 June</b>	<b>30</b>	<b>–</b>	<b>64,956</b>	<b>63,745</b>

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

**Accounting policy****Grants and contributions – enforceable agreement with sufficiently specific performance obligations**

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

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

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

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

**Capital grants**

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

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

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

continued on next page ...

Page 16 of 51



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

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

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

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

**Other grants and contributions**

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

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

**B1-5 Interest and investment income**

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue annual charges	715	593
– Cash and investments	5,115	1,365
Other	–	1
<b>Total interest and investment income</b>	<b>5,830</b>	<b>1,959</b>

**Accounting policy**

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023	2022
Salaries and wages	32,349	25,047
Employee termination costs	143	–
Employee leave entitlements	165	2,359
Superannuation	–	1,611
Payroll tax	1,768	1,990
Workers Compensation	(91)	56
<b>Total employee costs</b>	<b>34,334</b>	<b>31,063</b>
Less: capitalised costs	(4,025)	(3,821)
<b>Total employee costs expensed</b>	<b>30,309</b>	<b>27,242</b>

**Accounting policy**

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

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**B2-2 Materials and services**

\$ '000	2023	2022
Raw materials and consumables	12,575	9,212
Contractor costs	12,466	6,687
Audit Fees	10	-
Agency Hire	360	352
<b>Previously other expenses:</b>		
Administration support	22,575	20,152
Advertising	8	24
Computer software charges	636	473
Electricity and heating	11,645	8,993
Gas charges	15	179
Insurance	83	174
Licences	482	447
Plant hire	5,786	4,849
Printing and stationery	58	23
Subscriptions and publications	15	-
Telephone and communications	35	9
Tipping fees	6,277	4,363
Training costs (other than salaries and wages)	121	30
Water purchases	567	480
Other expenses	227	347
<b>Total materials and services</b>	<b>73,942</b>	<b>56,794</b>

**Accounting policy**

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

**B2-3 Borrowing costs**

\$ '000	2023	2022
Interest on leases	54	-
Interest on loans	9,283	10,428
Other debts	98	61
<b>Total borrowing costs expensed</b>	<b>9,435</b>	<b>10,489</b>

**Accounting policy**

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		38	14
Office equipment		29	29
Furniture and fittings		13	13
Land improvements (depreciable)		23	32
<b>Infrastructure:</b>	C1-5		
– Buildings – specialised		859	712
– Other structures		10	853
– Stormwater drainage		13,349	11,924
– Water supply network		34,641	29,591
– Sewerage network		36,355	33,396
<b>Other assets:</b>			
– Other		4	8
<b>Total gross depreciation and amortisation costs</b>		<b>85,530</b>	<b>76,572</b>
<b>Impairment / revaluation decrement/(increment) of IPPE</b>			
Land improvements (depreciable)		–	167
<b>Infrastructure:</b>	C1-5		
– Other structures		–	59
Intangible assets	C1-6	–	1,703
<b>Total impairment costs charged to Income Statement (IPPE)</b>		<b>–</b>	<b>1,929</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>85,530</b>	<b>78,501</b>

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

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

**Impairment of non-financial assets**

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

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

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**B2-5 Other expenses**

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
Other		166	–
<b>Total impairment of receivables</b>	C1-4	<b>166</b>	<b>–</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		589	3,102
<b>Total Fair value decrement on investments</b>	C1-2	<b>589</b>	<b>3,102</b>
<b>Total other expenses</b>		<b>755</b>	<b>3,102</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

**B3 Gains or losses****B3-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	56
Less: carrying amount of property assets sold/written off		(14)	(10)
<b>Gain (or loss) on disposal</b>		<b>(14)</b>	<b>46</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure	C1-5	–	–
Less: carrying amount of infrastructure assets sold/written off		(2,493)	(37)
<b>Gain (or loss) on disposal</b>		<b>(2,493)</b>	<b>(37)</b>
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemptions/maturities – investments	C1-2	–	11,812
Less: carrying amount of investments sold/redeemed/matured		–	(11,812)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(2,507)</b>	<b>9</b>

**Accounting policy**

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023	2022
Cash equivalent assets		
– Deposits at call	10,153	11,236
<b>Total cash and cash equivalents</b>	<b>10,153</b>	<b>11,236</b>

**Accounting policy**

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. CCCWSA does not have a bank overdraft facility.

**C1-2 Financial investments**

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Government and semi-government bonds	–	14,727	–	13,688
NCD's, FRN's	14,916	60,060	6,927	55,608
<b>Total</b>	<b>14,916</b>	<b>74,787</b>	<b>6,927</b>	<b>69,296</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	81,168	4,589	52,769	10,080
<b>Total</b>	<b>81,168</b>	<b>4,589</b>	<b>52,769</b>	<b>10,080</b>
<b>Total financial investments</b>	<b>96,084</b>	<b>79,376</b>	<b>59,696</b>	<b>79,376</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>106,237</b>	<b>79,376</b>	<b>70,932</b>	<b>79,376</b>

**Accounting policy**

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

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

**Financial assets**

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

**Classification**

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

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

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C1-2 Financial investments (continued)

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

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

### **Financial assets through profit or loss**

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>185,613</b>	150,308
Less: Externally restricted cash, cash equivalents and investments	<u>(80,357)</u>	<u>(69,218)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>105,256</b>	81,090

**External restrictions****External restrictions – included in liabilities**

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

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

Developer contributions – water fund	10,288	6,209
Developer contributions – sewer fund	18,086	18,442
Developer contributions – drainage	33,493	36,061
Developer contributions – VPA – water	1,079	1,059
Developer contributions – VPA – sewer	507	497
Developer contributions - VPA - drainage	1,403	1,377
Specific purpose unexpended grants (recognised as revenue) – water fund	2,286	2,311
Specific purpose unexpended grants (recognised as revenue) – sewer fund	10,498	14
Specific purpose unexpended grants (recognised as revenue) – drainage fund	31	127
Sewer fund	–	29
Specific purpose unexpended contributions (recognised as revenue) – drainage fund	130	100
Self insurance – sewer	1,078	1,633
Self insurance – water	1,478	1,359
<b>External restrictions</b>	<b>80,357</b>	<b>69,218</b>
<b>Total external restrictions</b>	<b>80,357</b>	<b>69,218</b>

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

\$ '000	2023	2022
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## (b) Internal allocations

**Internal allocations**

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

Employee leave entitlement – water	974	908
Employees leave entitlement – sewer	935	877
Employee leave entitlement – drainage	21	20
Multi-year projects	48	–
<b>Total internal allocations</b>	<b>1,978</b>	<b>1,805</b>

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

\$ '000	2023	2022
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## (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>103,278</b>	<b>79,285</b>
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Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	2	–	–	–
Interest and extra charges	691	–	736	–
User charges and fees	11,075	2,310	10,704	2,827
Accrued revenues				
– Interest on investments	996	–	388	–
– User charges and fees	13,480	–	10,702	–
– Government grants and subsidies	5,296	–	3,618	–
Drainage annual charges	1,914	–	1,635	–
Net GST receivable	1,129	–	777	–
Sewerage annual charges	6,425	–	8,130	–
Water annual charges	2,049	–	1,265	–
Other debtors	172	239	–	238
<b>Total</b>	<b>43,229</b>	<b>2,549</b>	<b>37,955</b>	<b>3,065</b>
<b>Less: provision for impairment</b>				
Other debtors	(55)	–	(55)	–
<b>Total provision for impairment – receivables</b>	<b>(55)</b>	<b>–</b>	<b>(55)</b>	<b>–</b>
<b>Total net receivables</b>	<b>43,174</b>	<b>2,549</b>	<b>37,900</b>	<b>3,065</b>

## Accounting policy

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

## Impairment

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

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

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

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

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	74,056	–	74,056	45,140	–	–	–	(47,778)	–	–	71,418	–	71,418
Plant and equipment	1,320	(1,153)	167	–	–	(14)	–	–	–	–	1,320	(1,167)	153
Office equipment	173	(87)	86	–	–	(29)	–	–	–	–	173	(116)	57
Furniture and fittings	183	(79)	104	–	–	(13)	–	–	–	–	183	(92)	91
<b>Land:</b>													
– Operational land	82,644	–	82,644	–	(10)	–	–	–	–	10,673	93,307	–	93,307
– Crown and Community land	12,410	–	12,410	–	–	–	–	–	–	4,581	16,991	–	16,991
Land improvements – depreciable	662	(28)	634	–	–	(32)	(167)	–	(1)	–	542	(108)	434
<b>Infrastructure:</b>													
– Buildings – specialised	51,909	(20,329)	31,580	–	–	(712)	–	508	152	5,213	61,730	(24,989)	36,741
– Other structures	1,716	(513)	1,203	–	(37)	(853)	(59)	–	(122)	30	204	(42)	162
– Stormwater drainage	1,561,678	(474,395)	1,087,283	–	–	(11,924)	–	254	4	96,391	1,704,934	(532,926)	1,172,008
– Water supply network	2,186,967	(973,500)	1,213,467	–	–	(29,591)	–	47,077	(32)	70,532	2,362,055	(1,060,602)	1,301,453
– Sewerage network	2,314,878	(928,198)	1,386,680	–	–	(33,396)	–	–	34	77,545	2,447,521	(1,016,658)	1,430,863
<b>Other assets:</b>													
– Other	133	(5)	128	–	–	(8)	–	–	(68)	–	58	(6)	52
<b>Total infrastructure, property, plant and equipment</b>	<b>6,288,729</b>	<b>(2,398,287)</b>	<b>3,890,442</b>	<b>45,140</b>	<b>(47)</b>	<b>(76,572)</b>	<b>(226)</b>	<b>61</b>	<b>(33)</b>	<b>264,965</b>	<b>6,760,436</b>	<b>(2,636,706)</b>	<b>4,123,730</b>

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

continued on next page ...

Page 27 of 51

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

**Accounting policy****Initial recognition of infrastructure, property, plant and equipment (IPPE)**

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

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

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

**Useful lives of IPPE**

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Buildings</b>	Years
Office furniture	3 to 50	Buildings	5 to 170
Other plant and equipment	2 to 37		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
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
<b>Transportation assets</b>		<b>Land improvements - depreciable</b>	6 to 100
Bridges	80 to 100	<b>Other assets</b>	5 to 500

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

**Revaluation model**

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C1-6 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Drainage Easements</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,172	4,172
Accumulated amortisation and impairment	(4,172)	(2,469)
<b>Net book value – opening balance</b>	<b>–</b>	<b>1,703</b>
<b>Movements for the year</b>		
Impairment charges	–	(1,703)
<b>Closing values at 30 June</b>		
Gross book value	–	4,172
Accumulated amortisation and impairment	–	(4,172)
<b>Total drainage easements – net book value</b>	<b>–</b>	<b>–</b>

## Accounting policy

## Drainage easements

Easements (the right of access over land) are no longer recognised as intangible assets.

## C1-7 Other

## Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	503	–	138	–
<b>Total other assets</b>	<b>503</b>	<b>–</b>	<b>138</b>	<b>–</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Prepaid annual charges	4,044	–	4,639	–
Goods and services – operating expenditure	9,512	–	6,197	–
Accrued expenses:				
– Interest on borrowings	554	–	632	–
– Salaries and wages	452	–	–	–
– Other expenditure accruals	4,345	–	3,807	–
Security bonds, deposits and retentions	110	–	90	–
<b>Total payables</b>	<b>19,017</b>	<b>–</b>	<b>15,365</b>	<b>–</b>
<b>Total payables</b>	<b>19,017</b>	<b>–</b>	<b>15,365</b>	<b>–</b>

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

\$ '000	2023		2022	
Payables – overpayments, security bonds, deposits and retentions			2,132	4,812
<b>Total payables</b>			<b>2,132</b>	<b>4,812</b>

**Accounting policy**

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C2-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Unexpended Capital Grants and Contributions (to construct CCCWSA controlled assets)	(i)	10,577	2,255	220	2,255
Unexpended Operating Grants and Contributions (received prior to performance obligation being satisfied – AASB 15)	(ii)	113	1,923	107	1,826
<b>User fees and charges received in advance:</b>					
Deposits and payments received in advance of services provided		57	350	71	421
<b>Total contract liabilities</b>		<b>10,747</b>	<b>4,528</b>	<b>398</b>	<b>4,502</b>

## Notes

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

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	289	–
Operating grants (received prior to performance obligation being satisfied)	9	–
Capital contributions (to construct Council controlled assets)	45	54
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>343</b>	<b>54</b>

## Significant changes in contract liabilities

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

## Accounting policy

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

## C2-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured	15,462	129,626	14,891	145,088
Loans – unsecured	27,122	18,661	27,037	20,085
<b>Total borrowings</b>	<b>42,584</b>	<b>148,287</b>	<b>41,928</b>	<b>165,173</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**C2-3 Borrowings (continued)****(a) Changes in liabilities arising from financing activities**

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
<b>\$ '000</b>							
Loans – secured	159,979	(14,891)	–	–	–	–	145,088
Loan – unsecured	47,122	(1,339)	–	–	–	–	45,783
Lease liability (Note C2-1b)	–	1,050	–	–	–	–	1,050
<b>Total liabilities from financing activities</b>	<b>207,101</b>	<b>(15,180)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>191,921</b>

	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
<b>\$ '000</b>							
Loans – secured	181,179	(21,200)	–	–	–	–	159,979
Loan – unsecured	50,796	(3,674)	–	–	–	–	47,122
<b>Total liabilities from financing activities</b>	<b>231,975</b>	<b>(24,874)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>207,101</b>

**(b) Financing arrangements****Additional financing arrangements information****Breaches and defaults**

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

**Security over loans**

Loans are secured over future cash flows of CCCWSA.

**Accounting policy**

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

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

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**C2-4 Employee benefit provisions**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	3,588	–	3,294	–
Sick leave	919	–	946	–
Long service leave	4,974	–	4,281	–
Other leave	365	–	321	–
<b>Total employee benefit provisions</b>	<b>9,846</b>	<b>–</b>	<b>8,842</b>	<b>–</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,844	4,599
	<b>4,844</b>	<b>4,599</b>

**Accounting policy**

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

**Short-term obligations**

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

**Other long-term employee benefit obligations**

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

**On-costs**

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

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



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**C2-5 Provisions**

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	617	1,939	1,065	1,928
Self insurance – public liability	349	–	267	–
Payroll tax	424	–	424	–
<b>Sub-total – other provisions</b>	<b>1,390</b>	<b>1,939</b>	<b>1,756</b>	<b>1,928</b>
<b>Total provisions</b>	<b>1,390</b>	<b>1,939</b>	<b>1,756</b>	<b>1,928</b>

**Movements in provisions**

\$ '000	Other provisions		
	Self insurance	Other (Payroll Tax)	Net carrying amount
<b>as at 30/06/23</b>			
At beginning of year	3,260	424	3,684
Additional provisions	(27)	1,768	1,741
Amounts used (payments)	(328)	(1,768)	(2,096)
<b>Total other provisions at end of year</b>	<b>2,905</b>	<b>424</b>	<b>3,329</b>
<b>as at 30/06/22</b>			
At beginning of year	3,357	617	3,974
Additional provisions	209	1,952	2,161
Amounts used (payments)	(307)	(2,145)	(2,452)
Other	1	–	1
<b>Total other provisions at end of year</b>	<b>3,260</b>	<b>424</b>	<b>3,684</b>

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

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

**Payroll tax and other**

To recognise liabilities for miscellaneous employee provisions not relating to leave entitlements and outstanding payroll tax arising from CCWSA's water and sewer activities.

**Accounting policy**

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

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

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

**Self-insurance**

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

Self Insurance Provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of 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*.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C2-5 Provisions (continued)

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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 2023.
- Workers Compensation claim payments projected into the future by the adopted actuarial model are in 'standardised' values as at 30 June 2023.

The last actuarial assessment of Workers Compensation Claims was undertaken in July 2023 and was performed by David A Zaman Pty Ltd. Director David Zaman, BSc, FIA, FIAA, MBA.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## D Risks and accounting uncertainties

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

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

Council's objective on behalf of CCCWSA is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisors. 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 and performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by Council.

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

The risks associated with the financial instruments held are:

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

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

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

\$ '000	2023	2022
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,856	1,503
Impact of a 10% movement in price of investments		
– Equity / Income Statement	18,561	15,031

#### (b) Credit risk

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

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

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

There are no significant concentrations of credit risk other than CCCWSA has significant credit risk exposures in its local area given the nature of CCCWSA's activities.

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

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

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

continued on next page ...

Page 37 of 51

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

## Credit risk profile

## Receivables – 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	
<b>2023</b>				
Gross carrying amount	6,050	4,051	287	10,388
<b>2022</b>				
Gross carrying amount	4,160	6,565	305	11,030

## Receivables - Non-rates and Annual Charges

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	
<b>2023</b>						
Gross carrying amount	3,495	–	–	–	31,722	35,217
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.17%	0.15%
ECL provision	–	–	–	–	54	54
<b>2022</b>						
Gross carrying amount	3,896	–	–	–	26,094	29,990
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.21%	0.18%
ECL provision	–	–	–	–	55	55

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

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

## (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk; that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. CCCWSA manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended in extenuating circumstances.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. CCCWSA manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows. The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	–	14,863	4,154	–	19,017	19,017
Borrowings	6.13%	–	25,542	95,836	108,594	229,972	190,871
<b>Total financial liabilities</b>		<b>–</b>	<b>40,405</b>	<b>99,990</b>	<b>108,594</b>	<b>248,989</b>	<b>209,888</b>
<b>2022</b>							
Payables	0.00%	–	10,636	4,729	–	15,365	15,365
Borrowings	5.56%	–	25,689	105,731	124,339	255,759	207,101
<b>Total financial liabilities</b>		<b>–</b>	<b>36,325</b>	<b>110,460</b>	<b>124,339</b>	<b>271,124</b>	<b>222,466</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

### Fair value hierarchy

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>									
<b>Financial assets</b>									
Financial investments	C1-2								
At fair value through profit or loss		89,703	76,223	–	–	–	–	89,703	76,223
<b>Total financial assets</b>		<b>89,703</b>	<b>76,223</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89,703</b>	<b>76,223</b>
<b>Infrastructure, property, plant and equipment</b>									
Plant and equipment		–	–	–	–	436	153	436	153
Office equipment		–	–	–	–	28	57	28	57
Furniture and fittings		–	–	–	–	78	91	78	91
Crown and Community land		–	–	–	–	16,995	16,991	16,995	16,991
Operational land		–	–	79,231	93,307	–	–	79,231	93,307
Land improvements - depreciable		–	–	–	–	410	434	410	434
Buildings – specialised		–	–	–	–	41,042	36,741	41,042	36,741
Other structures		–	–	–	–	157	162	157	162
Roads		–	–	–	–	–	–	–	–
Bulk earthworks (non depreciable)		–	–	–	–	–	–	–	–
Stormwater drainage		–	–	–	–	1,250,972	1,172,002	1,250,972	1,172,002
Water supply network		–	–	–	–	1,372,017	1,301,453	1,372,017	1,301,453
Sewerage network		–	–	–	–	1,526,558	1,430,863	1,526,558	1,430,863
Other assets		–	–	–	–	48	52	48	52
<b>Total infrastructure, property, plant and equipment</b>	C1-5	<b>–</b>	<b>–</b>	<b>79,231</b>	<b>93,307</b>	<b>4,208,741</b>	<b>3,958,999</b>	<b>4,287,972</b>	<b>4,052,306</b>

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

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

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

## D2-1 Fair value measurement (continued)

### Valuation techniques

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

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

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

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

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

These asset categories include:

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

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

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

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

##### Operational land

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

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2023. 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.

##### Crown and Community land

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

CCCWSA accounting policy is to value Crown and Community land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location).

These are considered level 2 observable inputs.

Crown and Community land have been valued at 30 June 2023 using the VG valuations for 2022-2023.

##### Buildings – specialised

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

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



## D2-1 Fair value measurement (continued)

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

CCCWSA engaged Scott Fullarton Valuation Pty Ltd to value all buildings in 2023. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account CCCWSA's asset management practices.

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

### Other structures

This asset class is comprised of water tanks, fencing and structures which do not meet the definition of a building and are recognised and valued at cost. CCCWSA assumes that the carrying amount reflects the fair value of the assets due to the nature of the items.

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.

### Stormwater drainage

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

CCCWSA engaged Morrison Low to value all stormwater drainage assets as at 30 June 2022. 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 a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

This asset class was assessed for fair value at 30 June 2023 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 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.

Council engaged the external consulting company GHD, to undertake the valuation of all water supply infrastructure assets at 30 June 2021. The gross replacement cost for each asset was calculated using the 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 2023 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 the external consulting company GHD, to undertake the valuation of all sewerage network assets at 30 June 2021. The gross replacement cost for each asset was calculated using the 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 2023 using the applicable rate as published in the NSW Reference Rates manual and the carrying value of the assets were adjusted accordingly.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## D2-1 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
<b>Infrastructure, property, plant and equipment</b>		
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	Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land improvements - depreciable	Cost approach	Pattern of consumption, useful life and residual value
Buildings specialised	Market value	Pattern of consumption, useful life, residual value, asset condition and componentisation
Other structures	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
Other assets	Cost approach	Current replacement cost of modern equivalent asset, asset condition and remaining lives

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## D2-1 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	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>153</b>	167	<b>57</b>	86	<b>91</b>	104	<b>16,991</b>	12,410
Transfers from/(to) another asset class	<b>73</b>	-	-	-	-	-	<b>50</b>	-
Purchases (GBV)	<b>249</b>	-	-	-	-	-	-	-
Depreciation and impairment	<b>(38)</b>	(14)	<b>(29)</b>	(29)	<b>(13)</b>	(13)	-	-
Revaluation increments / (decrements) to equity (ARR)	-	-	-	-	-	-	<b>(46)</b>	4,581
<b>Closing balance</b>	<b>437</b>	153	<b>28</b>	57	<b>78</b>	91	<b>16,995</b>	16,991

\$ '000	Buildings specialised		Other structures		Stormwater drainage		Water supply network	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>36,741</b>	31,580	<b>162</b>	1,203	<b>1,172,008</b>	1,087,282	<b>1,301,453</b>	1,213,466
Transfers from/(to) another asset class	<b>(296)</b>	660	<b>5</b>	(122)	-	259	-	47,046
Purchases (GBV)	<b>1,075</b>	-	-	-	<b>12,949</b>	-	<b>8,368</b>	-
Disposals (WDV)	<b>(14)</b>	-	-	(37)	<b>(329)</b>	-	<b>(1,374)</b>	-
Depreciation and impairment	<b>(859)</b>	(712)	<b>(10)</b>	(853)	<b>(13,349)</b>	(11,924)	<b>(34,641)</b>	(29,591)
Recognised in profit or loss – realised (refer to Note B2-4)	-	-	-	(59)	-	-	-	-
Revaluation increments / (decrements) to equity (ARR)	<b>4,395</b>	5,213	-	30	<b>79,699</b>	96,391	<b>98,210</b>	70,532
<b>Closing balance</b>	<b>41,042</b>	36,741	<b>157</b>	162	<b>1,250,978</b>	1,172,008	<b>1,372,016</b>	1,301,453

\$ '000	Sewerage network		Other assets		Land improvement - depreciable		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,430,863</b>	1,386,680	<b>52</b>	128	<b>434</b>	634	<b>3,959,005</b>	3,733,740
Transfers from/(to) another asset class	-	34	-	-	-	(1)	<b>(168)</b>	47,876
Purchases (GBV)	<b>23,569</b>	-	-	(68)	-	-	<b>46,210</b>	(68)
Disposals (WDV)	<b>(791)</b>	-	-	-	-	-	<b>(2,508)</b>	(37)
Depreciation and impairment	<b>(36,355)</b>	(33,396)	<b>(4)</b>	(8)	<b>(23)</b>	(32)	<b>(85,321)</b>	(76,572)
Recognised in profit or loss – realised (refer to Note B2-4)	-	-	-	-	-	(167)	-	(226)
Revaluation increments / (decrements) to equity (ARR)	<b>109,273</b>	77,545	-	-	-	-	<b>291,531</b>	254,292
<b>Closing balance</b>	<b>1,526,559</b>	1,430,863	<b>48</b>	52	<b>411</b>	434	<b>4,208,749</b>	3,959,005

continued on next page ...

Page 44 of 51

## D2-1 Fair value measurement (continued)

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### Highest and best use

The following non-financial assets of CCCWSA are being utilised at other than their highest and best use:

#### Community based assets

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

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

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

### D3-1 Contingencies

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

#### **LIABILITIES NOT RECOGNISED**

##### **Defined benefit superannuation contribution plans**

Council, on behalf of CCCWSA is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB119 *Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all Councils.

Employer contributions paid to the defined benefit section of the Scheme during 2022-23 were recognised as an expense. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The position is monitored annually and the actuary has estimated that, as at 30 June 2023, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit.

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	877	655
Other long-term benefits	126	53
Termination benefits	-	3
<b>Total</b>	<b>1,003</b>	<b>711</b>

Other transactions with KMP and their related parties

CCCWSA has determined that there were no transactions between KMP and CCCWSA.

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

**F Other matters****F1-1 Statement of Cash Flows information****Reconciliation of net operating result to cash provided from operating activities**

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>33,598</b>	5,754
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	85,530	76,572
(Gain) / loss on disposal of assets	2,507	(9)
Non-cash capital grants and contributions	(6,235)	(627)
– Investments classified as 'at fair value' or 'held for trading'	(532)	3,102
Revaluation decrements / impairments of IPP&E direct to P&L	–	1,929
<b>Changes in assets and liabilities</b>		
(Increase) / decrease of receivables	(4,758)	(6,464)
Increase / (decrease) in provision for impairment of receivables	–	1
(Increase) / decrease of other current assets	(365)	84
Increase / (decrease) in payables	3,315	2,342
Increase / (decrease) in other accrued expenses payable	990	121
Increase / (decrease) in other liabilities	(653)	(756)
Increase / (decrease) in contract liabilities	10,375	154
Increase / (decrease) in employee benefit provision	1,004	(250)
Increase / (decrease) in other provisions	(355)	(289)
<b>Net cash flows from operating activities</b>	<b>124,421</b>	<b>81,664</b>

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## F2-1 Commitments

## Capital commitments (exclusive of GST)

\$ '000	2023	2022
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Other – Stormwater Management	913	3,007
Sewerage and Water Infrastructure	41,196	35,323
<b>Total commitments</b>	<b>42,109</b>	<b>38,330</b>

**These expenditures are payable as follows:**

Within the next year	42,109	38,330
<b>Total payable</b>	<b>42,109</b>	<b>38,330</b>

**Details of capital commitments**

Major projects to continue next year include:

- \* Sewer Infrastructure Reinforcements - Gosford CBD
- \* Sewer Main Rehabilitation Program - Region Wide
- \* Water Main Renewal Program - Region Wide
- \* Sewerage Treatment Plant Major Augmentation Works - Charmhaven
- \* Water Treatment Plant Major Upgrade - Mardi
- \* Sewerage System Low Pressure Installation - South Tacoma
- \* Sewerage Treatment Plant Process Improvements - Bateau Bay
- \* Water Treatment Plant Trunk Mains to Clear Water Tank upgrades - Mardi
- \* Sewer Pump Station Renewal - Crystal St Forresters Beach
- \* Sewer System Upgrades - Gosford CBD Racecourse precinct



Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

### F3-1 Events occurring after the reporting date

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

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**End of the audited financial statements**

Central Coast Council - Water Supply Authority | Notes to the Financial Statements 30 June 2023

## Central Coast Council - Water Supply Authority

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports:

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#### On the Financial Statements

#### **Independent Auditor's Report**

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

# Central Coast Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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*A vibrant and sustainable Central Coast*



## Central Coast Council

### Special Schedules

for the year ended 30 June 2023

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Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	4

Central Coast Council | Permissible income for general rates | for the year ended 30 June 2023

## Central Coast Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	202,333	204,266
Plus or minus adjustments <sup>2</sup>	b	476	553
<b>Notional general income</b>	c = a + b	<b>202,809</b>	<b>204,819</b>
<b>Permissible income calculation</b>			
Rate peg percentage	e	1.00%	3.80%
plus rate peg amount	i = e x (c + g)	2,028	7,783
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>204,837</b>	<b>212,602</b>
Plus (or minus) last year's carry forward total	l	1,394	588
Less valuation objections claimed in the previous year	m	(1,378)	(1)
<b>Sub-total</b>	n = (l + m)	<b>16</b>	<b>587</b>
<b>Total permissible income</b>	o = k + n	<b>204,853</b>	<b>213,189</b>
Less notional general income yield	p	204,266	212,705
<b>Catch-up or (excess) result</b>	q = o - p	<b>587</b>	<b>484</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	1	2
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>588</b>	<b>486</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (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.
- (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 2023 | for the year ended 30 June 2023

Central Coast Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Buildings</b>	Buildings	1,676	1,676	20,581	5,191	574,661	980,046	8.5%	19.3%	71.5%	0.5%	0.2%	
	<b>Sub-total</b>	<b>1,676</b>	<b>1,676</b>	<b>20,581</b>	<b>5,191</b>	<b>574,661</b>	<b>980,046</b>	<b>8.5%</b>	<b>19.3%</b>	<b>71.5%</b>	<b>0.5%</b>	<b>0.2%</b>	
<b>Other structures</b>	Other structures	164	164	185	50	8,876	12,333	32.5%	49.5%	10.4%	7.6%	0.0%	
	<b>Sub-total</b>	<b>164</b>	<b>164</b>	<b>185</b>	<b>50</b>	<b>8,876</b>	<b>12,333</b>	<b>32.5%</b>	<b>49.5%</b>	<b>10.4%</b>	<b>7.6%</b>	<b>0.0%</b>	
<b>Roads</b>	Sealed roads	57,023	57,023	11,923	9,973	1,150,550	1,589,671	53.6%	22.8%	14.4%	4.3%	4.9%	
	Unsealed roads	83	83	164	206	23,290	32,828	47.9%	41.8%	9.9%	0.0%	0.4%	
	Bridges	1,257	1,257	1,682	528	52,488	84,123	16.2%	42.2%	34.3%	6.7%	0.6%	
	Footpaths	1,575	1,575	5,592	1,754	166,792	279,607	15.7%	30.4%	50.8%	2.9%	0.2%	
	Other road assets	17,247	17,247	7,869	4,936	471,002	786,898	24.5%	40.9%	25.2%	8.0%	1.4%	
	Bulk earthworks	-	-	-	-	380,799	380,799	100.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>77,185</b>	<b>77,185</b>	<b>27,230</b>	<b>17,397</b>	<b>2,245,000</b>	<b>3,153,926</b>	<b>47.5%</b>	<b>26.0%</b>	<b>19.1%</b>	<b>4.6%</b>	<b>2.8%</b>	
<b>Water supply network</b>	Water supply network	43,698	43,698	32,337	17,109	1,372,017	2,549,503	17.1%	37.0%	37.3%	8.1%	0.5%	
	<b>Sub-total</b>	<b>43,698</b>	<b>43,698</b>	<b>32,337</b>	<b>17,109</b>	<b>1,372,017</b>	<b>2,549,503</b>	<b>17.1%</b>	<b>37.0%</b>	<b>37.3%</b>	<b>8.1%</b>	<b>0.5%</b>	
<b>Sewerage network</b>	Sewerage network	35,745	35,745	15,980	23,679	1,526,558	2,657,728	11.1%	68.2%	13.8%	6.6%	0.3%	
	<b>Sub-total</b>	<b>35,745</b>	<b>35,745</b>	<b>15,980</b>	<b>23,679</b>	<b>1,526,559</b>	<b>2,657,728</b>	<b>11.1%</b>	<b>68.2%</b>	<b>13.8%</b>	<b>6.6%</b>	<b>0.3%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	4,970	4,970	9,171	6,477	1,250,978	1,834,280	59.6%	27.0%	12.6%	0.4%	0.4%	
	<b>Sub-total</b>	<b>4,970</b>	<b>4,970</b>	<b>9,171</b>	<b>6,477</b>	<b>1,250,978</b>	<b>1,834,280</b>	<b>59.6%</b>	<b>27.0%</b>	<b>12.6%</b>	<b>0.4%</b>	<b>0.4%</b>	
<b>Open space / recreational assets</b>	Swimming pools	37	37	299	5	7,320	9,982	0.0%	97.9%	0.0%	2.1%	0.0%	
	Open Space/Recreational Assets	4,656	4,656	3,423	1,255	162,352	228,182	21.1%	56.6%	13.9%	7.0%	1.4%	
	<b>Sub-total</b>	<b>4,693</b>	<b>4,693</b>	<b>3,722</b>	<b>1,260</b>	<b>169,672</b>	<b>238,164</b>	<b>20.2%</b>	<b>58.3%</b>	<b>13.3%</b>	<b>6.8%</b>	<b>1.4%</b>	
<b>Other infrastructure assets</b>	Other	375	375	704	175	34,399	46,908	13.7%	70.8%	13.0%	1.7%	0.8%	
	<b>Sub-total</b>	<b>375</b>	<b>375</b>	<b>704</b>	<b>175</b>	<b>34,399</b>	<b>46,908</b>	<b>13.7%</b>	<b>70.8%</b>	<b>13.0%</b>	<b>1.7%</b>	<b>0.8%</b>	
	<b>Total – all assets</b>	<b>168,506</b>	<b>168,506</b>	<b>109,910</b>	<b>71,338</b>	<b>7,182,162</b>	<b>11,472,888</b>	<b>30.2%</b>	<b>38.7%</b>	<b>25.2%</b>	<b>4.9%</b>	<b>1.0%</b>	

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

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Page 4 of 8

Central Coast Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

## Central Coast Council

### Report on infrastructure assets as at 30 June 2023 (continued)

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#### 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 2023 | for the year ended 30 June 2023

## Central Coast Council

### Report on infrastructure assets as at 30 June 2023

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

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<b>154,806</b>	<b>99.04%</b>	57.29%	>= 100.00%
Depreciation, amortisation and impairment	<b>156,307</b>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>168,506</b>	<b>2.28%</b>	2.63%	< 2.00%
Net carrying amount of infrastructure assets	<b>7,394,410</b>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<b>71,338</b>	<b>64.91%</b>	55.38%	> 100.00%
Required asset maintenance	<b>109,910</b>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<b>168,506</b>	<b>1.47%</b>	1.66%	
Gross replacement cost	<b>11,472,888</b>			

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

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

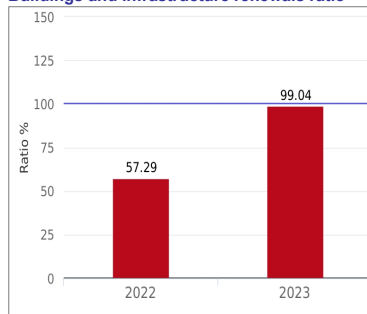


Central Coast Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Central Coast Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 99.04%

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. Council's 2022/23 capital works program focussed on improving this ratio.

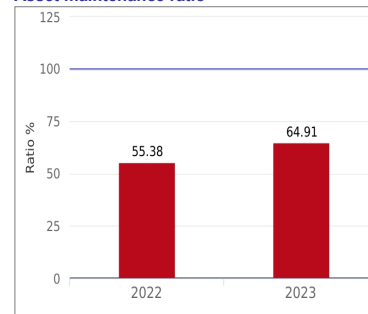
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 64.91%

Council remains committed to maintaining its infrastructure assets at appropriate levels.

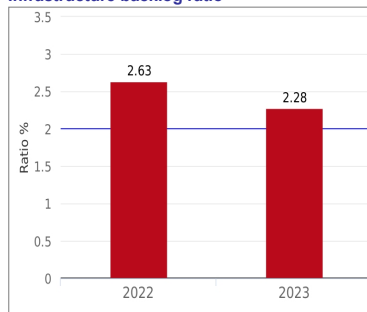
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 2.28%

The cost to bring to satisfactory decreased as a result of continued focus on renewal works during 2022-23. Council will continue to prioritise delivery and maintenance of assets at affordable and satisfactory standards.

Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 1.47%

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.

Central Coast Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

## Central Coast Council

### Report on infrastructure assets as at 30 June 2023

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>118.23%</b>	50.49%	<b>43.92%</b>	38.67%	<b>106.54%</b>	56.21%	>= 100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>1.98%</b>	2.99%	<b>3.18%</b>	2.27%	<b>2.34%</b>	1.98%	< 2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>49.60%</b>	49.78%	<b>52.91%</b>	38.75%	<b>148.18%</b>	106.63%	> 100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>1.42%</b>	2.05%	<b>1.71%</b>	1.25%	<b>1.34%</b>	1.15%	
Gross replacement cost							

(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.