

Coffs Harbour City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

*Connected
Sustainable
Thriving*



Coffs Harbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*Connected
Sustainable
Thriving*



Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

Corner Coff and Castle Streets
Coffs Harbour NSW 2450

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

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

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

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

Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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


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

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

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

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


Signed in accordance with a resolution of Council made on 28 October 2021.



Denise Knight
Mayor
28 October 2021



Michael Adendorff
Councillor
28 October 2021



Stephen McGrath
General Manager
28 October 2021



Mark Griffioen
Responsible Accounting Officer
28 October 2021

Coffs Harbour City Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
100,348	Rates and annual charges	B2-1	104,075	102,294
53,006	User charges and fees	B2-2	45,371	39,076
6,998	Other revenue	B2-3	9,061	8,087
15,166	Grants and contributions provided for operating purposes	B2-4	17,897	15,248
53,669	Grants and contributions provided for capital purposes	B2-4	33,674	37,861
5,265	Interest and investment income	B2-5	3,769	5,233
2,453	Other income	B2-6	1,738	1,964
236,905	Total income from continuing operations		215,585	209,763
Expenses from continuing operations				
48,709	Employee benefits and on-costs	B3-1	51,141	48,162
73,862	Materials and services	B3-2	68,773	64,237
7,782	Borrowing costs	B3-3	7,468	8,558
47,335	Depreciation, amortisation and impairment for non-financial assets	B3-4	41,649	49,288
10,606	Other expenses	B3-5	3,552	3,537
–	Net losses from the disposal of assets	B4-1	5,963	14,343
188,294	Total expenses from continuing operations		178,546	188,125
48,611	Operating result from continuing operations		37,039	21,638
Discontinued operations				
–	Operating result from discontinued operations ¹	D3-1	(2,836)	1,006
48,611	Net operating result for the year attributable to Council		34,203	22,644
(5,058)	Net operating result for the year before grants and contributions provided for capital purposes		529	(15,217)

(1) The Actual 2019/20 audited amounts reported have been restated in Noted B2-1 to B3-5 to account for the Airport discontinued operations comparatives required in Note D3-1

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

Coffs Harbour City Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		34,203	22,644
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	16,138	265,683
Other movements		–	(29)
Total items which will not be reclassified subsequently to the operating result		16,138	265,654
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		–	241
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	241
Total other comprehensive income for the year		16,138	265,895
Total comprehensive income for the year attributable to Council		50,341	288,539

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

Coffs Harbour City Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	57,703	32,928
Investments	C1-2	80,365	73,100
Receivables	C1-4	19,973	12,797
Inventories	C1-5	2,288	1,922
Contract assets and contract cost assets	C1-6	13,948	3,239
Non-current assets classified as 'held for sale'	C1-7	19,623	2,940
Other	C1-10	744	670
Total current assets		194,644	127,596
Non-current assets			
Investments	C1-2	115,975	119,200
Receivables	C1-4	63,800	3,709
Infrastructure, property, plant and equipment	C1-8	2,297,508	2,370,094
Intangible Assets	C1-9	50,311	52,600
Other	C1-10	3,355	894
Total non-current assets		2,530,949	2,546,497
Total assets		2,725,593	2,674,093
LIABILITIES			
Current liabilities			
Payables	C3-1	20,048	10,750
Contract liabilities	C3-2	13,036	5,265
Borrowings	C3-3	15,176	15,845
Employee benefit provisions	C3-4	15,066	14,679
Total current liabilities		63,326	46,539
Non-current liabilities			
Borrowings	C3-3	92,284	107,708
Employee benefit provisions	C3-4	1,002	1,307
Provisions	C3-5	9,288	9,187
Total non-current liabilities		102,574	118,202
Total liabilities		165,900	164,741
Net assets		2,559,693	2,509,352
EQUITY			
Accumulated surplus		1,496,301	1,431,593
IPPE revaluation reserve	C4-1	1,063,392	1,077,759
Council equity interest		2,559,693	2,509,352
Total equity		2,559,693	2,509,352

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

Coffs Harbour City Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21				as at 30/06/20			
		Accumulated surplus	IPPE revaluation reserve	Financial Asset Revaluation Reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial Asset Revaluation Reserve	Total equity
Opening balance at 1 July		1,431,593	1,077,759	–	2,509,352	1,410,006	812,076	544	2,222,626
Correction of prior period errors		24	(24)	–	–	–	–	–	–
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	–	(1,813)	–	–	(1,813)
Restated opening balance		1,431,617	1,077,735	–	2,509,352	1,408,193	812,076	544	2,220,813
Net operating result for the year		34,203	–	–	34,203	22,644	–	–	22,644
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	16,138	–	16,138	–	265,683	–	265,683
Gain (loss) on revaluation of available for sale investments		–	–	–	–	544	–	(544)	–
Gain (loss) on revaluation of other reserves		–	–	–	–	(29)	–	–	(29)
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	–	–	–	241	–	–	241
Other reserves movements		30,481	(30,481)	–	–	–	–	–	–
Other comprehensive income		30,481	(14,343)	–	16,138	756	265,683	(544)	265,895
Total comprehensive income		64,684	(14,343)	–	50,341	23,400	265,683	(544)	288,539
Closing balance at 30 June		1,496,301	1,063,392	–	2,559,693	1,431,593	1,077,759	–	2,509,352

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

Coffs Harbour City Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
–	Bonds, deposits and retention amounts received		527	548
68,835	Grants and contributions		34,900	31,647
5,265	Investment and interest revenue received		3,515	5,409
100,348	Rates and annual charges		104,606	104,024
53,006	User charges and fees		48,499	42,040
9,451	Other		22,012	25,635
<i>Payments:</i>				
(48,709)	Employee benefits and on-costs		(51,113)	(48,195)
(73,862)	Materials and services		(76,224)	(63,202)
(7,782)	Borrowing costs		(7,554)	(8,907)
(10,606)	Other		(5,348)	(17,751)
95,946	Net cash flows from operating activities	G1-1a	73,820	71,248
Cash flows from investing activities				
<i>Receipts:</i>				
100,571	Sale of investment securities		79,490	113,905
–	Sale of infrastructure, property, plant and equipment		3,339	872
<i>Payments:</i>				
(92,058)	Purchase of investment securities		(82,841)	(103,901)
(114,639)	Purchase of infrastructure, property, plant and equipment		(57,872)	(54,206)
(106,126)	Net cash flows from investing activities		(57,884)	(43,330)
Cash flows from financing activities				
<i>Receipts:</i>				
19,229	Proceeds from borrowings		–	–
–	Proceeds from leases		24,935	–
<i>Payments:</i>				
(16,263)	Repayment of borrowings		(16,096)	(16,424)
2,966	Net cash flows from financing activities		8,839	(16,424)
(7,214)	Net change in cash and cash equivalents		24,775	11,494
212,786	Cash and cash equivalents at beginning of year		32,928	21,434
205,572	Cash and cash equivalents at end of year	C1-1	57,703	32,928
–	plus: Investments on hand at end of year	C1-2	196,340	192,300
205,572	Total cash, cash equivalents and investments		254,043	225,228

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

Coffs Harbour City Council

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Coffs Harbour City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 – Performance against budget

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

A1-1 Basis of preparation (continued)

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.

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 Council.

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

- General purpose operations
- Water Service
- Sewerage Service
- Coffs Harbour Airport
- CitySmart Solutions
- Coastal Works
- Coffs Harbour Laboratory
- Coffs Coast Holiday Parks & Crown Reserves

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 the 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

Council have a number of volunteers working across a variety of areas of Council providing services that would not be able to be delivered if not for the volunteers. Volunteers provide services to Council operations, Section 355 venues and strategic committees.

Council have developed a volunteer policy. In this policy Councils estimated volunteer work hours per year and costs based upon minimum wages excluding on-costs. Council maintains records of volunteers but does not have the systems to record and cost the hours volunteers spend on services to enable Council to reliably measure volunteer service costs.

Council regards the financial impact of volunteer services to be immaterial to the financial report for this financial year and future financial years and accordingly Council has elected not to recognise volunteer services under AASB 1058 in this financial report.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance Services	122	122	3,929	4,224	(3,807)	(4,102)	–	–	59	69
Office of the General Manager	–	–	(1,447)	953	1,447	(953)	–	–	2	12
Domestic Waste Management	25,858	23,544	20,969	17,357	4,889	6,187	1,976	1,228	9,820	10,504
Non Domestic Waste Management	8,008	7,708	8,149	6,324	(141)	1,384	891	469	6,943	8,187
Coffs Harbour Airport	8,709	–	–	–	8,709	–	9,412	35	25,524	84,935
Business Systems	79	408	4,713	4,570	(4,634)	(4,162)	50	–	876	1,489
CitySmart Solutions	970	1,469	1,363	2,936	(393)	(1,467)	–	–	725	850
Organisational Development	131	244	4,270	3,791	(4,139)	(3,547)	–	–	17	–
Customer Services	32	70	2,670	2,582	(2,638)	(2,512)	–	–	14	22
Coffs Harbour Laboratory	738	707	675	681	63	26	–	–	1,566	1,585
Coastal Works	5,336	2,875	4,501	2,516	835	359	–	13	1,625	35
Water Supplies	25,919	26,196	14,483	17,170	11,436	9,026	3,328	4,168	439,700	442,127
Sewer Services	35,658	35,614	22,277	24,878	13,381	10,736	4,139	5,881	540,729	537,974
Business Services	–	–	623	365	(623)	(365)	–	–	–	–
Financial Services and Logistics	55,565	57,771	17,993	24,450	37,572	33,321	12,264	19,248	317,370	268,466
Sustainable Communities	–	–	440	321	(440)	(321)	–	–	–	401
Cultural Services	1,634	5,576	4,683	4,383	(3,049)	1,193	427	5,138	6,092	8,532
Community Services	208	601	3,325	2,547	(3,117)	(1,946)	906	249	11,152	2,024
Sustainable Places	3,442	3,148	6,552	6,231	(3,110)	(3,083)	231	218	519	409
City Prosperity	8,603	5,141	5,626	6,430	2,977	(1,289)	7,411	3,521	12,974	1,874
Sustainable Infrastructure	1,217	1,243	1,690	1,544	(473)	(301)	1,217	1,243	2,716	3,240
Infrastructure Construction and Maintenance	18,552	27,064	34,931	42,801	(16,379)	(15,737)	7,360	11,350	1,169,109	1,183,596
Strategic Asset Management	702	674	3,221	2,216	(2,519)	(1,542)	152	162	42,477	44,859
Business Improvement	–	–	304	366	(304)	(366)	–	–	–	112
Holiday Parks and Reserves	14,024	9,588	11,811	8,489	2,213	1,099	1,807	186	72,192	72,791
Airport Lease	78	–	795	–	(717)	–	–	–	63,392	–
Total functions and activities	215,585	209,763	178,546	188,125	37,039	21,638	51,571	53,109	2,725,593	2,674,093

B1-2 Components of functions or activities

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

Governance Services

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance, internal audit, legal advice, insurance services.

Office of the General Manager

Sister City Exchange programs, naturalisations, donations to community groups, Australia Day Committee, Web and Media Services, Election Expenses, Civic Receptions, Elected Member Expenses.

Domestic Waste Management

Recycling, waste collection and processing, tip facilities.

Non Domestic Waste Management

Recycling, waste collection and processing, tip facilities, hazardous material disposal, concrete crushing, Clean Up Australia Day, tip fees.

Coffs Harbour Airport

Maintenance, repair, operation and development of Regional Passenger Terminal, General Aviation Area and Aerodrome facilities.

The Coffs Harbour Airport operations ceased on 31 May 2021 as a lease agreement is now in effect.

Business Systems

Hardware and software acquisition and maintenance, rural house numbering, geographical information services, telecommunications.

CitySmart Solutions

Telemetry Switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy.

Organisational Development

Training, selection, recruitment, induction, Occupational Health and Safety, Workers Compensation management, health and wellbeing program.

Customer Services

Provision of administration and customer services, record management.

Coffs Harbour Laboratory

Water, waste water, soil, swimming pool testing for public and private sectors.

Coastal Works

External works undertaken to return a profit to the community by way of investment in local infrastructure and services.

Water Supplies

Maintenance, operation and construction of dams, reservoirs, pump stations, mains, chlorination plants, fluoridation plants, telemetry, regional water supply, standpipes and meters. Water quality monitoring & public awareness campaigns.

Sewer Services

Maintenance, operation and construction of treatment works, pumping stations, sewers, sullage collection, reclaimed water, ocean outfall, biosolids disposal and reuse management. Public awareness campaigns.

B1-2 Components of functions or activities (continued)

Business Services

Support for the provision of Council's Corporate Services and Business Unit functions.

Financial Services and Logistics

Provision of financial services, property management, fleet management, plant hire, maintenance and repair of Council buildings, lease management, swimming pools and commercial property management.

Sustainable Communities

Support for the provision of Council's Community and Cultural Services, Sustainable Places and City Prosperity functions.

Cultural Services

Library Services, Museum, Art Gallery, Theatre, Community Centres, and Cultural and Community Industries Development.

Community Services

Lifeguard Services, Community Engagement, Sustainable Living, Community Programs, Youth Services and Aboriginal Services.

Sustainable Places

Sustainable and Precinct Planning, Development Assessment and Building Services, Environmental Services, Public Health and Safety and Ranger Services.

City Prosperity

Economic Development, Event Management, Coffs Harbour International Stadium, Tourism and Marketing, Sports Facilities.

Sustainable Infrastructure

Support for the provision of Council's Infrastructure Planning, Provision and Maintenance.

Infrastructure Construction and Maintenance

Construction and Maintenance of Roads, Bridges, Recreational Services, Footpaths and Cycleways, Parking, Quarries and Drainage.

Strategic Asset Management

Planning and Project Management of Councils Capital Works, Asset Management, Survey and Design, Contracts and Subdivisions.

Business Improvement

Support for the Council in Continuous Improvement Program.

Coffs Coast Holiday Parks and Reserves

Holiday Park operations at 4 locations and maintenance of Crown Reserves.

Coffs Harbour Airport Lease

Airport assets in use by the lessee and other transactions relating to the finance lease agreement.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	37,992	38,181
Farmland	880	925
Business	7,509	8,641
Less: pensioner rebates (mandatory)	(1,543)	(1,587)
Rates levied to ratepayers	44,838	46,160
Pensioner rate subsidies received	879	873
Total ordinary rates	45,717	47,033
Special rates		
Environmental	1,538	1,496
less pensioner rebates (Council policy)	(137)	(137)
Rates levied to ratepayers	1,401	1,359
Total special rates	1,401	1,359
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	21,815	20,977
Stormwater management services	737	724
Water supply services	4,878	4,784
Sewerage services	28,077	26,125
Waste management services (non-domestic)	2,127	2,011
Other	179	172
Less: pensioner rebates (mandatory)	(858)	(875)
Less: pensioner rebates (Council policy)	(521)	(536)
Annual charges levied	56,434	53,382
Pensioner subsidies received:		
– Water	265	263
– Sewerage	258	257
Total annual charges	56,957	53,902
Total rates and annual charges	104,075	102,294

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	2,344	1,188
Water supply services	2	17,249	16,577
Sewerage services	2	2,723	2,727
Waste management services (non-domestic)	2	3,735	3,827
Other	2	50	48
Total specific user charges		26,101	24,367
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	1,548	1,255
Private works – section 67	2	151	229
Regulatory/ statutory fees	2	91	74
Regulatory fees	2	1,067	793
Section 10.7 certificates (EP&A Act)	2	147	129
Section 603 certificates	2	181	177
Other	2	61	43
Total fees and charges – statutory/regulatory		3,246	2,700
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	–	7
Caravan park	2	11,683	8,891
Cemeteries	2	337	321
Community centres	2	126	163
Lease rentals	2	122	78
Swimming centres	2	1,247	–
Waste disposal tipping fees	2	950	985
Water supply recovery charges	2	50	95
Laboratory income	2	738	679
Sports stadium	2	200	141
Other	2	571	649
Total fees and charges – other		16,024	12,009
Total user charges and fees		45,371	39,076
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		45,371	39,076
Total user charges and fees		45,371	39,076

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.

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	151	450
Fines – parking	2	160	–
Commissions and agency fees	2	18	27
Insurance claims recoveries	2	48	126
Conferences	2	–	393
ICT projects and consultancy	2	564	710
Jetty theatre revenue	2	252	197
Other	2	354	565
Optical fibre lease	2	70	107
Banana sales from reuse trial	2	–	16
Recoverable rates legals	2	132	92
Sports stadium event income	2	851	955
Sale of switchboards	2	335	652
Reimbursements	2	78	237
Risk mitigation incentives	2	130	245
Waste revenue	2	388	192
Sewer revenue	2	–	3
Coastal Works income	2	5,452	3,120
Airport Lease income	2	78	–
Total other revenue		9,061	8,087

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	9,061	8,087
Total other revenue	9,061	8,087

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,541	2,651	–	–
Financial assistance – local roads component	2	1,125	1,106	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,718	2,808	–	–
Financial assistance – local roads component	2	1,207	1,174	–	–
Amount recognised as income during current year		7,591	7,739	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Bushfire and emergency services	2	2,612	1,063	556	953
Community care	2	31	28	794	520
Environmental programs	2	393	243	108	150
Heritage and cultural	2	8	25	–	–
Library	2	232	465	60	70
Noxious weeds	2	214	137	–	–
Recreation and culture	2	–	–	3,369	578
Street lighting	2	148	148	–	–
Boat ramps and facilities	2	–	–	–	45
Coffs Coast Sport and Leisure Park including CEX Stadium	2	150	100	4,834	2,532
Orara river health	2	–	60	–	–
Enterprise Park Land Redevelopment	2	–	–	8,709	–
Transport (roads to recovery)	2	1,382	1,382	–	–
Transport (other roads and bridges funding)	2	1,153	1,080	1,970	2,260
Other specific grants	2	57	53	15	33
Previously contributions:					
Bushfire services	2	40	27	–	–
Community services	2	25	57	256	–
Kerb and gutter	2	–	–	111	–
Recreation and culture	2	128	54	507	854
Transport for NSW contributions (regional roads, block grant)	2	138	170	–	–
Other contributions	2	60	173	52	257
Contributions to works	2	2,932	1,644	–	–
Diesel fuel rebate	2	172	183	–	–
Vehicle lease payments	2	431	417	–	–
Total special purpose grants and non-developer contributions – cash		10,306	7,509	21,341	8,252
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	1,377	7,373
Assets recognised for the first time	2	–	–	2,724	15,188
Total other contributions – non-cash		–	–	4,101	22,561
Total special purpose grants and non-developer contributions (tied)		10,306	7,509	25,442	30,813
Total grants and non-developer contributions		17,897	15,248	25,442	30,813

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Comprising:					
– Commonwealth funding		1,864	1,779	6,066	2,503
– State funding		12,924	10,738	14,500	4,638
– Other funding		3,109	2,731	4,876	23,672
		17,897	15,248	25,442	30,813

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G5				
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,296	1,991
S 64 – water supply contributions		2	–	–	2,790	2,440
S 64 – sewerage service contributions		2	–	–	2,658	2,306
S 64 – stormwater contributions		2	–	–	61	88
Other developer contributions		2	–	–	427	223
Total developer contributions – cash			–	–	8,232	7,048
Total developer contributions			–	–	8,232	7,048
Total contributions			–	–	8,232	7,048
Total grants and contributions			17,897	15,248	33,674	37,861
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			17,897	15,248	33,674	37,861
Total grants and contributions			17,897	15,248	33,674	37,861

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	5,471	4,112	1,136	924
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: Funds received and not recognised as revenue in the current year	3,762	7,762	17,548	7,608
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(7,806)	(6,403)	(11,134)	(7,396)
Unspent funds at 30 June	1,427	5,471	7,550	1,136

Operating Grants

Unexpended operating grant funds held as restricted assets include funding from the Better Waste and Recycling Fund, funding from Local Land Services and funding from the Disaster Recovery Funding Arrangement for the recent bushfires. All amounts are expected to be spent within the next 12 months.

Capital Grants

Unexpended capital grant funds held as restricted assets include an upfront payment of the Public Library Infrastructure Grant for the Cultural and Civic Space project, funding from the Female Facilities and Water Safety Stream Program for the Sportz Central redevelopment, funding from the Regional Sports Infrastructure Fund for the Regional Sports Hub, funding from Phase 2 of the Local Roads and Community Infrastructure Program and funding from the Crown Reserves Improvement Fund for the Regional Botanic Garden Glasshouse and the Sawtell Reserve hall upgrade. All amounts are expected to be spent within the next 12 months.

Contributions

Unspent funds at 1 July	23,429	23,680	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: contributions received and not recognised as revenue in the current year	8,436	7,367	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(6,957)	(7,618)	-	-
Unspent contributions at 30 June	24,908	23,429	-	-

Unexpended contributions held as restricted assets are Developer Contributions. The funds are collected across a variety of district and area specific Contribution Plans. The funds collected are derived and levied from development consents issued. Funds are expended on an ongoing basis in accordance with project delivery requirements as outlined within the specified Contribution Plans.

B2-4 Grants and contributions (continued)

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 completion of IPPE construction, delivery of specified service and completion of event. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	206	415
– Cash and investments	2,866	4,565
– Deferred debtors	2	6
– Other	–	1
Dividend income (other)	–	53
Fair value adjustments		
– Movements in investments at fair value through profit and loss	689	183
Fair valuation of financial liabilities on recognition		
– Interest free (or favourable) loans and advances received	6	10
Total interest and investment income (losses)	3,769	5,233
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	206	415
General Council cash and investments	1,140	775
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	103	329
– Section 64	21	18
Water fund operations	483	537
Sewerage fund operations	1,184	791
Domestic waste management operations	212	558
Restricted investments/funds – internal:		
Internally restricted assets	420	1,810
Total interest and investment income	3,769	5,233

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2021	2020
Operating lease income			
Council properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,333	1,489
Total Investment properties		1,333	1,489
Other lease income			
Room/Facility Hire		142	244
Licence and Agistment Agreements		263	231
Total Other lease income		405	475
Total lease income	C2-2	1,738	1,964
Total other income		1,738	1,964

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	42,117	39,815
Employee termination costs	75	308
Employee leave entitlements (ELE)	7,678	7,343
Superannuation – defined contribution plans	3,966	3,880
Superannuation – defined benefit plans	1,041	1,032
Workers' compensation insurance	1,271	957
Fringe benefit tax (FBT)	48	46
Payroll tax	529	569
Protective clothing	219	208
Other	114	91
Total employee costs	57,059	54,249
Less: capitalised costs	(5,918)	(6,087)
Total employee costs expensed	51,141	48,162
Number of 'full-time equivalent' employees (FTE) at year end	560	551

Accounting policy

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

Retirement benefit obligations

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

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		26,829	27,872
Contractor and consultancy costs		79,981	61,468
Audit Fees	F2-1	217	215
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	282	243
Bank charges		380	321
Electricity and heating		3,839	3,653
Insurance		1,644	1,368
Office expenses (including computer expenses)		106	94
Postage		233	190
Printing and stationery		256	248
Street lighting		594	573
Subscriptions and publications		853	907
Telephone and communications		495	552
Valuation fees		196	225
Travel expenses		140	253
Training costs (other than salaries and wages)		633	591
Other expenses		274	194
Impairment of Loan to Non Profit Organisations		100	300
Legal expenses:			
Expenses from short-term leases		150	175
– Legal expenses: planning and development		538	735
– Legal expenses: other		3,002	1,543
Total materials and services		120,742	101,720
Less: capitalised costs		(51,969)	(37,483)
Total materials and services		68,773	64,237

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on loans		7,450	8,519
Total interest bearing liability costs		7,450	8,519
Total interest bearing liability costs expensed		7,450	8,519
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	9	22
Interest applicable on interest free (and favourable) loans to Council		9	17
Total other borrowing costs		18	39
Total borrowing costs expensed		7,468	8,558

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		3,830	4,149
Office equipment		540	468
Furniture and fittings		193	192
Land improvements (depreciable)		111	108
Infrastructure:			
	C1-8		
– Buildings – non-specialised		790	1,259
– Buildings – specialised		1,400	1,078
– Roads		10,746	14,244
– Bridges		1,232	1,336
– Footpaths		1,308	1,378
– Stormwater drainage		2,157	2,408
– Water supply network		5,213	6,213
– Sewerage network		7,697	11,170
– Swimming pools		79	79
– Other open space/recreational assets		3,803	2,347
– Other infrastructure		97	97
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-8	1,407	1,319
Intangible assets	C1-9	1,046	1,092
Total gross depreciation and amortisation costs		41,649	48,937
Total depreciation and amortisation costs		41,649	48,937
Impairment / revaluation decrement of IPPE			
Land Under Roads		–	351
Total gross IPPE impairment / revaluation decrement costs		–	351
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	351
Total depreciation, amortisation and impairment for non-financial assets		41,649	49,288

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets and Note C1-10 for intangible assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		(20)	212
Total impairment of receivables	C1-4	(20)	212
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,674	1,300
– Contributions to regional parks		318	418
– Other contributions/levies		556	471
Donations, contributions and assistance to other organisations (Section 356)		1,024	1,136
Total other		3,572	3,325
Total other expenses		3,552	3,537

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		2,102	–
Less: carrying amount of property assets sold/written off		(3,016)	(4,859)
Gain (or loss) on disposal		(914)	(4,859)
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		1,237	872
Less: carrying amount of plant and equipment assets sold/written off		(938)	(623)
Gain (or loss) on disposal		299	249
Gain (or loss) on disposal of infrastructure			
	C1-8		
Less: carrying amount of infrastructure assets sold/written off		(5,348)	(9,733)
Gain (or loss) on disposal		(5,348)	(9,733)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		66,945	113,905
Less: carrying amount of investments sold/redeemed/matured		(66,945)	(113,905)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(5,963)	(14,343)

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 25/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	100,348	104,075	3,727	4% F
User charges and fees	53,006	45,371	(7,635)	(14)% U
Budget reduced by \$4.3 million during the year. Primarily this was due to Highway Bypass relocation works contracted to Council's Coastal Works Business Unit being delayed.				
Other revenues	6,998	9,061	2,063	29% F
This material budget variation predominantly relates the sale of property in Rose Avenue not budgeted for and a misalignment between budget for items deemed "Other Revenue" and that reported in Council's Annual Financial Statements.				
Operating grants and contributions	15,166	17,897	2,731	18% F
Additional grants were received during the year greater than originally anticipated. These funds mainly related to emergency works stemming from natural disasters across the LGA.				
Capital grants and contributions	53,669	33,674	(19,995)	(37)% U
Budget reduced by \$22 million during the year. Majority of this variation was due to delays in the sale of properties identified to partly fund the Cultural and Civic Space project. In addition, the timing of Wiigulga Sports Complex construction, which is partially grant funded, was delayed to the 2021/22 financial year and subsequently the receipt of grant funding was also deferred.				
Interest and investment revenue	5,265	3,769	(1,496)	(28)% U
Budget reduced by \$1.5 million during the year due to market forces impacting interest rate premiums across all investment options.				
Other income	2,453	1,738	(715)	(29)% U
COVID 19 impacted ability to hold both sporting and cultural events across the region. As a result Council facilities such as the Jetty Memorial Theatre and Coffs Coast Sport and Leisure Park, including the CEX stadium, had less opportunities to generate revenue.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	48,709	51,141	(2,432)	(5)% U
Materials and services	73,862	68,773	5,089	7% F
Borrowing costs	7,782	7,468	314	4% F
Depreciation, amortisation and impairment of non-financial assets	47,335	41,649	5,686	12% F
Other expenses	10,606	3,552	7,054	67% F

The material budget variation was largely due to Highway Bypass relocation works contracted to Council's Coastal Works Business Unit being delayed. This reduction in expenses was offset by a reduction in income from User Charges and Fees.

Net losses from disposal of assets	-	5,963	(5,963)	∞ U
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Given the uncertain nature of these expenses, losses from disposal of assets are not currently budgeted for.

Operating result from discontinued operations	-	(2,836)	2,836	∞ F
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The net operating result from the Coffs Harbour Airport was not budgeted for as the timing of the lease execution was unknown.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	95,946	73,820	(22,126)	(23)% U
Cash flows from investing activities	(106,126)	(57,884)	48,242	(45)% F

Council's cash flow from investing activities varies from year to year depending on market factors and actual cash flow requirements. The decreases in interest rates through the year coupled with the lower demand for funds from financial institutions has seen Council retain more cash and slightly decreased investment activity.

Cash flows from financing activities	2,966	8,839	5,873	198% F
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Council did not proceed with proposed loan borrowings included in the original budget for 2020/21.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	4,345	4,265
Cash-equivalent assets		
– Deposits at call	53,358	28,663
Total cash and cash equivalents	57,703	32,928

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	57,703	32,928
Balance as per the Statement of Cash Flows	57,703	32,928

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Long term deposits	56,500	10,000	51,045	28,000
Floating rate term deposits	5,000	5,772	–	13,003
Fixed coupon bonds	–	28,253	–	3,039
Total	61,500	44,025	51,045	44,042
Loans and receivables				
Non Profit Organisations	21	421	30	379
Less: Provision for impairment recognised	–	(400)	–	(300)
Total	21	21	30	79
Equity securities at fair value through other comprehensive income				
NCD's, FRN's (with maturities > 3 months)	18,844	71,929	22,025	75,079
Total	18,844	71,929	22,025	75,079
Total financial investments	80,365	115,975	73,100	119,200
Total cash assets, cash equivalents and investments	138,068	115,975	106,028	119,200

C1-2 Financial investments (continued)

Equity securities designated as at fair value through other comprehensive income

The investments shown designated as financial assets as at fair value through other comprehensive income represent investments that the Council intends to hold for the long-term strategic purposes.

No strategic investments were disposed of during 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments of \$57.703 million in the Statement of Financial Position.

C1-2 Financial investments (continued)

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	138,068	115,975	106,028	119,200
attributable to:				
External restrictions	24,404	110,821	18,490	109,414
Internal restrictions	102,894	5,154	78,514	9,786
Unrestricted	10,770	–	9,024	–
	138,068	115,975	106,028	119,200

\$ '000	2021	2020

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	8,977	6,607
Specific purpose unexpended loans – water	11,959	15,573
Specific purpose unexpended loans – sewer	9,641	11,452
External restrictions – included in liabilities	30,577	33,632

External restrictions – other

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

Developer contributions – general	20,882	19,819
Developer contributions – water fund	2,369	1,746
Developer contributions – sewer fund	1,658	1,866
Water fund	14,840	11,501
Transition To Sustainability ("T2S") savings - Water	–	326
Sewer fund	32,021	27,957
Transition To Sustainability ("T2S") savings - Sewer	–	1,785
Domestic waste management	32,878	29,272
External restrictions – other	104,648	94,272
Total external restrictions	135,225	127,904

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

\$ '000	2021	2020
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	14,601	14,044
Employees leave entitlement	13,559	11,510
Deposits, retentions and bonds	2,193	2,084
Unexpended contributions – general	465	557
RMS contributions – Sapphire to Woolgoolga	3,448	3,567
Environmental levy	259	288
Community facilities	2,590	3,942
Coffs Harbour Laboratory business unit	2,500	2,221
Car parking upgrade	–	21
Strategic initiatives	1,728	1,887
Coastal Works business unit	358	1,225
RMS contributions – Pine Creek hand over	1,777	1,803
Flood mitigation works	5,213	4,744
CitySmart Solutions business unit	–	5
Unexpended loans – general	963	1,477
Coffs Harbour Airport business unit	–	3,566
Waste management – non-domestic	14,954	13,868
Infrastructure assets renewal – general	8,187	9,383
CBD masterplan	367	943
Transition To Sustainability ("T2S") savings	1,050	6,523
Renewable energy	642	407
Coffs Coast Holiday Parks and Reserves	5,559	3,153
Special Rate Variation Revotes	2,478	754
General Fund Revotes	–	208
Coffs Harbour Airport Lease Reserve	25,027	–
Other	130	120
Total internal restrictions	108,048	88,300
Total restrictions	243,273	216,204

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	4,288	1,781	4,124	2,085
Interest and extra charges	421	553	421	648
User charges and fees	2,220	86	3,387	71
Private works	70	–	391	–
Accrued revenues				
– Interest on investments	625	–	971	–
– User charges and fees	2,447	–	2,115	–
Government grants and subsidies	8,439	5	435	32
Net GST receivable	85	–	367	–
Airport landing charges	339	622	2	625
Switchboard sales	38	–	61	–
Airport Lease non-current receivable	–	60,670	–	–
Tip charges	289	–	335	–
Lease rentals	51	–	304	–
Coffs Harbour Laboratory	57	–	49	–
Other debtors	1,308	83	679	248
Total	20,677	63,800	13,641	3,709
Less: provision of impairment				
Other debtors	(704)	–	(844)	–
Total provision for impairment – receivables	(704)	–	(844)	–
Total net receivables	19,973	63,800	12,797	3,709
Externally restricted receivables				
Water supply				
– Rates and availability charges	151	101	154	103
– Other	3,107	67	4,232	59
Sewerage services				
– Rates and availability charges	903	616	889	602
– Other	(1,912)	13	702	10
Domestic waste management	895	474	807	557
Total external restrictions	3,144	1,271	6,784	1,331
Internally restricted receivables				
Non Domestic Waste management	20	11	34	24
Internally restricted receivables	20	11	34	24
Unrestricted receivables	16,809	62,518	5,979	2,354
Total net receivables	19,973	63,800	12,797	3,709

C1-4 Receivables (continued)

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	844	93
+ new provisions recognised during the year	83	837
– amounts already provided for and written off this year	(118)	(56)
– amounts provided for but recovered during the year	(105)	(30)
Balance at the end of the year	704	844

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.

Airport Lease non-current receivable

On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners. The lease agreement included the ongoing operations of Coffs Harbour Airport and Enterprise Park land.

Council has de-recognised the fair value of the airport assets subject to the lease and recognised a non-current receivable for the current value of those assets, less the airport lease premium paid in the 2020/21 financial year.

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

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

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	1,359	-	1,265	-
Trading stock	929	-	657	-
Total inventories at cost	2,288	-	1,922	-
Total inventories	2,288	-	1,922	-

Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Water				
Stores and materials	-	-	244	-
Total water	-	-	244	-
Domestic waste management				
Stores and materials	67	-	37	-
Total domestic waste management	67	-	37	-
Total externally restricted assets	67	-	281	-
Total internally restricted assets	55	-	30	-
Total unrestricted assets	2,166	-	1,611	-
Total inventories	2,288	-	1,922	-

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.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	13,948	3,239
Total contract assets and contract cost assets		13,948	3,239

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	13,948	-	3,239	-
Total contract assets	13,948	-	3,239	-

Significant changes in contract assets

Significant changes in contract assets are due to new Federal and State funding for the Airport Enterprise Park redevelopment project with funding to be received based on progress reports. All amounts of funding are expected within the next 12 months.

(i) Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Other (Grants and Contributions)	12,478	-	2,945	-
Total externally restricted assets	12,478	-	2,945	-
Internally restricted assets				
Other (City Smart Solutions)	-	-	259	-
Other (Coastal Works)	1,470	-	35	-
Total internally restricted assets	1,470	-	294	-
Total restricted assets	13,948	-	3,239	-
Total contract assets and contract cost asset	13,948	-	3,239	-

Accounting policy

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

C1-6 Contract assets and Contract cost assets (continued)

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Non-current assets held for sale				
Land	7,446	–	1,338	–
Buildings	12,177	–	1,602	–
Total non-current assets held for sale	19,623	–	2,940	–
Total non-current assets classified as held for sale	19,623	–	2,940	–

Details of assets and disposal groups

Land and Buildings classified as Non Current Assets Held for Sale represent Land and Buildings that Council has committed to sell and it is expected that those sales will occur in the subsequent financial year.

Reconciliation of non-current assets held for sale and disposal groups – i.e. discontinued operations

\$ '000	2021 Assets 'held for sale'	2020 Assets 'held for sale'
Opening balance	2,940	505
Balance still unsold after 12 months:	2,940	505
Less: assets no longer classified as held for sale	(1,965)	(505)
<u>Plus new transfers in:</u>		
– Assets held for sale	18,648	2,940
Closing balance of held for sale non-current assets and operations	19,623	2,940

Accounting policy

Non-current assets 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 are not depreciated or amortised while they are classified as held for sale.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	TfRs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	46,219	–	46,219	15,670	36,398	(353)	–	(21,150)	–	–	–	–	76,784	–	76,784
Plant and equipment	50,804	(28,991)	21,813	765	3,547	(1,604)	(3,830)	254	–	–	–	–	49,873	(28,988)	20,885
Office equipment	3,904	(2,699)	1,205	–	–	(8)	(540)	312	–	–	–	–	4,195	(3,226)	969
Furniture and fittings	4,311	(2,745)	1,566	–	–	(40)	(193)	–	–	–	–	–	4,029	(2,713)	1,316
Land:															
– Operational land	137,626	–	137,626	–	–	(900)	–	–	(16,782)	(6,102)	(2,438)	–	111,404	–	111,404
– Community land	75,834	–	75,834	–	386	–	–	–	–	–	–	–	76,220	–	76,220
– Land under roads (post 30/6/08)	3,657	–	3,657	–	–	–	–	–	–	–	–	–	3,657	–	3,657
Land improvements – depreciable	3,412	(1,897)	1,515	2	26	(5)	(111)	218	(55)	–	–	–	3,559	(1,976)	1,583
Infrastructure:															
– Buildings – non-specialised	70,282	(24,451)	45,831	163	31	(1,843)	(790)	314	10	(10,568)	(3,255)	–	45,309	(15,416)	29,893
– Buildings – specialised	125,688	(32,667)	93,021	76	5	(268)	(1,400)	1,291	(17,184)	–	–	–	102,602	(27,498)	75,104
– Roads	672,424	(156,085)	516,339	1,592	262	(1,881)	(10,746)	6,161	(35,405)	–	–	23,489	636,516	(137,830)	498,686
– Bridges	102,431	(37,295)	65,136	188	177	(54)	(1,232)	125	–	–	–	4,669	101,473	(32,464)	69,009
– Footpaths	73,249	(15,890)	57,359	146	1,078	(22)	(1,308)	2,723	–	–	(3,603)	–	77,443	(21,070)	56,373
– Bulk earthworks (non-depreciable)	258,751	–	258,751	258	45	(327)	–	1,120	(10,895)	–	316	–	249,268	–	249,268
– Stormwater drainage	249,863	(67,225)	182,638	85	641	(146)	(2,157)	1,576	(3,382)	–	(10,503)	–	239,609	(70,857)	168,752
– Water supply network	475,926	(129,434)	346,492	747	445	(397)	(5,213)	1,440	–	–	–	3,160	482,278	(135,604)	346,674
– Sewerage network	687,529	(214,156)	473,373	466	1,451	(1,530)	(7,697)	1,684	–	–	–	4,303	695,257	(223,207)	472,050
– Swimming pools	4,713	(2,618)	2,095	–	–	–	(79)	–	–	–	–	–	4,713	(2,697)	2,016
– Other open space/recreational assets	74,171	(39,249)	34,922	169	752	(349)	(3,803)	3,809	(1,912)	–	–	–	75,186	(41,715)	33,471
– Other infrastructure	1,191	(572)	619	–	–	–	(97)	–	–	–	–	–	1,189	(667)	522
Other assets:															
– Other	1,270	–	1,270	–	113	(9)	–	–	–	–	–	–	1,374	–	1,374
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	8,079	(5,266)	2,813	–	–	–	(1,407)	–	92	–	–	–	8,171	(6,673)	1,498
Total infrastructure, property, plant and equipment	3,131,334	(761,240)	2,370,094	20,327	45,357	(9,736)	(40,603)	(123)	(85,513)	(16,670)	(19,483)	35,621	3,050,109	(752,601)	2,297,508

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period										At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Tfcs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	51,093	–	51,093	16,905	18,662	(308)	–	–	(40,208)	75	–	–	–	46,219	–	46,219
Plant and equipment	44,512	(26,388)	18,124	3,954	54	(739)	(4,149)	–	71	4,550	–	–	–	50,804	(28,991)	21,813
Office equipment	3,259	(2,289)	970	552	93	–	(468)	–	62	(3)	–	–	–	3,904	(2,699)	1,205
Furniture and fittings	4,231	(2,535)	1,696	–	60	–	(192)	–	20	–	–	–	–	4,311	(2,745)	1,566
Land:																
– Operational land	138,573	–	138,573	–	–	2	–	–	–	–	(833)	(151)	35	137,626	–	137,626
– Community land	75,735	–	75,735	–	650	(1,853)	–	–	–	–	–	–	1,302	75,834	–	75,834
– Land under roads (post 30/6/08)	3,489	–	3,489	–	963	–	–	(351)	–	–	–	(444)	–	3,657	–	3,657
Land improvements – depreciable	3,343	(1,795)	1,548	–	17	(14)	(108)	–	58	14	–	–	–	3,412	(1,897)	1,515
Infrastructure:																
– Buildings – non-specialised	72,161	(23,882)	48,279	–	209	–	(1,259)	–	391	–	(1,602)	(180)	–	70,282	(24,451)	45,831
– Buildings – specialised	112,204	(32,498)	79,706	2,401	338	(3,750)	(1,078)	–	13,923	1,903	–	–	–	125,688	(32,667)	93,021
– Roads	588,068	(180,224)	407,844	2,456	583	(2,071)	(14,244)	–	6,618	3,265	–	–	112,646	672,424	(156,085)	516,339
– Bridges	73,820	(9,106)	64,714	–	1	(152)	(1,336)	–	780	(1,831)	–	–	2,960	102,431	(37,295)	65,136
– Footpaths	57,253	(11,111)	46,142	164	561	(73)	(1,378)	–	1,863	3,544	–	–	6,536	73,249	(15,890)	57,359
– Bulk earthworks (non-depreciable)	138,665	–	138,665	494	52	(46)	–	–	495	1,482	–	–	117,609	258,751	–	258,751
– Stormwater drainage	213,148	(48,434)	164,714	218	3,335	(5,028)	(2,408)	–	3,719	434	–	–	17,654	249,863	(67,225)	182,638
– Water supply network	466,432	(122,156)	344,276	1,868	927	(383)	(6,213)	–	2,711	45	–	–	3,261	475,926	(129,434)	346,492
– Sewerage network	676,376	(201,743)	474,633	992	2,396	(1,171)	(11,170)	–	2,953	285	–	–	4,455	687,529	(214,156)	473,373
– Swimming pools	4,713	(2,539)	2,174	–	–	–	(79)	–	–	–	–	–	–	4,713	(2,618)	2,095
– Other open space/recreational assets	65,530	(37,045)	28,485	260	955	(330)	(2,347)	–	6,533	1,492	–	–	–	74,171	(39,249)	34,922
– Other infrastructure	1,191	(475)	716	–	–	–	(97)	–	–	–	–	–	–	1,191	(572)	619
Other assets:																
– Other	1,249	–	1,249	–	9	–	–	–	12	–	–	–	–	1,270	–	1,270
Reinstatement, rehabilitation and restoration assets (refer Note 13):																
– Tip assets	7,904	(3,947)	3,957	–	–	–	(1,319)	–	–	175	–	–	–	8,079	(5,266)	2,813
Total infrastructure, property, plant and equipment	2,802,949	(706,167)	2,096,782	30,264	29,865	(15,916)	(47,845)	(351)	1	15,430	(2,435)	(775)	266,458	3,131,334	(761,240)	2,370,094

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

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 are 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 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:

Plant and equipment	Years	Land Improvements	Years
Office equipment	3 to 20	Activity Area	5 to 80
Office furniture	3 to 50		
Computer equipment	3		
Vehicles	2 to 10	Buildings	
Heavy plant/road making equipment	5 to 21	Buildings	4 to 184
Other plant and equipment	3 to 50		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	22 to 159	Drains	60 to 150
Pump stations	24 to 97	Pipes, pits and culverts	80 to 120
Mains	59 to 168	Gross pollutant traps	70 to 80
Treatment plants	8 to 163		
Telemetry	10 to 40		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	18 to 60	Bulk earthworks	Infinite
Sealed roads: structure	40 to 60	Swimming pools	50
Unsealed roads	10	Other open space/recreational assets	2 to 100
Bridge: concrete	30 to 100	Playground equipment	20
Bridge: other	30 to 100	Benches, seats etc.	20
Footpaths and cycleways	15 to 60		
Kerb, gutter and paths	75 to 200		

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

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 reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	9,010	–	9,010	5,140	–	5,140
Plant and equipment	1,822	1,754	68	1,822	1,748	74
Office equipment	237	237	–	237	237	–
Land						
– Operational land	5,258	–	5,258	5,258	–	5,258
Buildings	915	31	884	915	1	914
Infrastructure	481,689	135,512	346,177	475,521	129,320	346,201
Total water supply	498,931	137,534	361,397	488,893	131,306	357,587
Sewerage services						
WIP	9,349	–	9,349	5,371	–	5,371
Plant and equipment	83	77	6	83	77	6
Office equipment	150	103	47	150	75	75
Furniture and fittings	80	80	–	80	80	–
Land						
– Operational land	13,369	–	13,369	13,368	–	13,368
Buildings	1,813	150	1,663	1,813	99	1,714
Infrastructure	693,678	222,918	470,760	686,056	213,882	472,174
Total sewerage services	718,522	223,328	495,194	706,921	214,213	492,708
Domestic waste management						
WIP	13	–	13	350	–	350
Plant and equipment	200	162	38	161	157	4
Office equipment	4	4	–	4	4	–
Land						
– Operational land	6,473	–	6,473	6,473	–	6,473
Buildings	1,244	434	810	1,308	431	877
Other structures	349	105	244	325	102	223
Infrastructure	4,494	3,670	824	4,444	2,896	1,548
Total domestic waste management	12,777	4,375	8,402	13,065	3,590	9,475
Total restricted infrastructure, property, plant and equipment	1,230,230	365,237	864,993	1,208,879	349,109	859,770

C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	3,038	3,037
Accumulated amortisation	(2,411)	(1,902)
Net book value – opening balance	627	1,135
Movements for the year		
Other movements	121	–
Amortisation charges	(525)	(508)
Closing values at 30 June		
Gross book value	3,153	3,038
Accumulated amortisation	(2,930)	(2,411)
Total software – net book value	223	627
Other		
Regional Water Supply		
Opening values at 1 July		
Gross book value	59,880	59,880
Accumulated amortisation	(9,271)	(8,684)
Net book value – opening balance	50,609	51,196
Movements for the year		
Amortisation charges	(521)	(586)
Closing values at 30 June		
Gross book value	59,880	59,880
Accumulated amortisation	(9,792)	(9,271)
Total Regional Water Supply – net book value	50,088	50,609

C1-9 Intangible assets (continued)

\$ '000	2021	2020
Goodwill		
Opening values at 1 July		
Gross book value	1,920	1,920
Accumulated impairment	(556)	–
Net book value – opening balance	1,364	1,920
Movements for the year		
Other movements	–	(556)
Impairment charges	(1,364)	–
Closing values at 30 June		
Gross book value	–	1,920
Accumulated impairment	–	(556)
Total Goodwill – net book value	–	1,364
Total intangible assets – net book value	50,311	52,600

Accounting policy

Goodwill on Acquisition of Commercial Operations

Councils goodwill has arisen from the acquisition of the Coffs Harbour Airport Security Carpark business in 2014. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is an indefinite life intangible asset and is tested for impairment annually based upon the value in use method of valuation.

An impairment test was conducted on 31 May 2021 and due to the impacts of COVID-19 on the aviation industry and the discontinuation of airport operations at 31 May 2021, the value in use indicated there was impairment of the carrying amount of \$1,363,966. This resulted in the complete derecognition of the Goodwill on Acquisition of Commercial Operations intangible asset.

An impairment loss is recognised for the amount by which the cash generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine value in use, management estimates the expected future cash flows from the cash generating unit, and determines a suitable interest rate in order to calculate the present value of those cash flows.

Impairment losses for cash generating units reduce first the carrying amount of goodwill allocated to the cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

Regional Water Supply Scheme Intangible Asset

Council has contributed to the construction of Regional Water Supply Scheme infrastructure assets that are not controlled by Council to secure water supply entitlements. The contributions are classified as an intangible asset with a definite life as the Council has obligations to contribute to the operation and replacement of the Regional Water Supply Scheme infrastructure assets which have limited effective economic lives.

The intangible asset is amortised relative to the effective economic lives of the Regional Water Supply Scheme infrastructure assets. Amortisation is calculated on a straight line basis over 100 years.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

C1-9 Intangible assets (continued)

IT development and software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

C1-10 Other

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	537	3,356	329	894
Other	207	(1)	341	–
Total other assets	744	3,355	670	894

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total unrestricted assets	744	3,355	670	894
Total other assets	744	3,355	670	894

C2 Leasing activities

C2-1 Council as a lessee

Buildings

Council leases three buildings for the following purposes:

1. the operations of CitySmart Solutions business unit
2. the short term storage facility for the Museum Collection
3. a site in Rose Avenue that is utilised by a community group on the northern side with Council staff training/meeting room space on the southern side.

The City Smart and Museum storage leases are generally between 12 and 18 months, with provision for the occupation to continue after lease expiry by agreement of both parties on a month by month basis.

The building leases contains an annual pricing mechanism based on fixed increases at a date specified in the lease agreement.

Council does not believe that the leases in place for City Smart and the Museum storage, both of which are short term, are material from a statement of financial position or performance perspective.

Whilst the Rose Ave lease is a 3 year fixed term, the value of the lease is immaterial and is partly used for community benefit.

(a) Income Statement

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

\$ '000	2021	2020
Expenses relating to short-term leases	150	175
	150	175

(b) Statement of Cash Flows

Total cash outflow for leases	(160)	(175)
	(160)	(175)

Accounting policy

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

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

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

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

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

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

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

C2-1 Council as a lessee (continued)

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

(a) Operating leases

Council leases out a number of 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.

The amount recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2021	2020
(i) Operational Property Leases		
Operational building operating leases relate to use by community groups.		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	1,333	1,489
Total income relating to operating leases for investment property assets	1,333	1,489
(ii) Other Lease Income		
Council earns an immaterial amount of income relating to the provision of room and facility hire of Council buildings for community purposes. Licence and agistment agreements are also in use for various community events and recreational use.		
Room/Facility Hire and Licence/Agistment Agreements	405	475
Total income relating to operating leases for Council assets	405	475

C2-2 Council as a lessor (continued)

(b) Finance leases

\$ '000	2021	2020
<p>On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners (ACN 645 547 992 Pty Ltd Trading as Coffs Harbour Airport Trust). The lease agreement includes the ongoing operations of the Coffs Harbour Airport and Enterprise Park land.</p> <p>The consideration for the Airport IPPE assets and value of the ongoing operations is realised through fixed payments on specified date and agreed variable revenue share arrangements over the term of the lease.</p> <p>Income relating to variable lease payments not included in the measurement of the net investment in the lease</p>		
	-	-
Finance Lease receivable recognised for fair value of assets	60,605	-
Total Income relating to finance leases	60,605	-
<p>Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:</p>		
< 1 year	63	-
1-99 years ¹	481,166	-
Total lease payments receivable	481,229	-
Unearned finance income	(412,131)	-
Discounted unguaranteed residual value	(8,493)	-
Net investment in the lease	60,605	-

(1) Due to the long term nature of the Coffs Harbour Airport lease agreement, 1-99 years has been stated to reflect future receivables.

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 as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Prepaid rates	2,466	-	2,075	-
Goods and services – operating expenditure	1,471	-	949	-
Goods and services – capital expenditure	1,359	-	1,106	-
Accrued expenses:				
– Borrowings	906	-	1,010	-
– Salaries and wages	462	-	516	-
– Other expenditure accruals	5,549	-	2,393	-
Security bonds, deposits and retentions	2,611	-	2,084	-
Other	5,224	-	617	-
Total payables	20,048	-	10,750	-
Total payables	20,048	-	10,750	-

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	202	-	426	-
Sewer	244	-	591	-
Domestic waste management	1,063	-	323	-
Payables relating to externally restricted assets	1,509	-	1,340	-
Internally restricted assets				
Non Domestic Waste management	870	-	264	-
Payables relating to internally restricted assets	870	-	264	-
Total payables relating to restricted assets	2,379	-	1,604	-
Total payables relating to unrestricted assets	17,669	-	9,146	-
Total payables	20,048	-	10,750	-

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	2,611	2,084
Total payables	2,611	2,084

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,391	-	1,121	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,585	-	1,647	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	75	-	-	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	390	-	557	-
Total grants received in advance		9,441	-	3,325	-
User fees and charges received in advance:					
Upfront fees – Coffs Coast Holiday Parks	(iii)	1,652	-	1,343	-
Other		1,943	-	597	-
Total user fees and charges received in advance		3,595	-	1,940	-
Total contract liabilities		13,036	-	5,265	-

Notes

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

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

(iii) Upfront fees for the Coffs Coast Holiday Parks 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 when the accommodation booking is completed.

C3-2 Contract Liabilities (continued)

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	445	-	361	-
Sewer	3	-	3	-
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,529	-	3,074	-
Other (Domestic Waste)	115	-	93	-
Contract liabilities relating to externally restricted assets	9,092	-	3,531	-
Internally restricted assets				
Other (Non Domestic Waste)	94	-	76	-
Other (Business Units)	3,029	-	1,564	-
Other (Prepaid Income)	39	-	94	-
Contract liabilities relating to internally restricted assets	3,162	-	1,734	-
Total contract liabilities relating to restricted assets	12,254	-	5,265	-
Total contract liabilities relating to unrestricted assets	782	-	-	-
Total contract liabilities	13,036	-	5,265	-

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,136	925
Operating grants (received prior to performance obligation being satisfied)	1,489	552
Capital contributions (to construct Council controlled assets)	87	67
Operating contributions (received prior to performance obligation being satisfied)	470	269
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,182	1,813

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy

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

C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured ¹	15,176	92,284	15,845	107,708
Total borrowings	15,176	92,284	15,845	107,708

(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.

Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	6,413	38,230	6,917	44,226
Sewer	7,312	43,312	7,913	50,181
Borrowings relating to externally restricted assets	13,725	81,542	14,830	94,407
Total borrowings relating to restricted assets	13,725	81,542	14,830	94,407
Total borrowings relating to unrestricted assets	1,451	10,742	1,015	13,301
Total borrowings	15,176	92,284	15,845	107,708

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	123,553	(16,093)	–	–	–	–	107,460
Total liabilities from financing activities	123,553	(16,093)	–	–	–	–	107,460

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	139,970	(16,417)	–	–	–	–	123,553
Total liabilities from financing activities	139,970	(16,417)	–	–	–	–	123,553

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	1,200	1,200
Loan facilities	117,960	123,553
Total financing arrangements	119,160	124,753
Drawn facilities		
– Credit cards/purchase cards	306	207
– Loan facilities	117,960	123,553
Total drawn financing arrangements	118,266	123,760
Undrawn facilities		
– Credit cards/purchase cards	894	993
Total undrawn financing arrangements	894	993

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 facilities are secured by Council assets and future cash flows.

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	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	3,873	–	3,827	–
Sick leave	142	–	161	–
Long service leave	9,123	885	8,909	1,165
Accrued leave	137	–	170	–
ELE on-costs	1,791	117	1,612	142
Total employee benefit provisions	15,066	1,002	14,679	1,307

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	1,105	74	1,611	146
Sewer	1,461	98	1,063	96
Domestic waste management	189	13	169	15
Employee benefit provisions relating to externally restricted assets	2,755	185	2,843	257

Internally restricted assets

Non Domestic Waste Management	155	10	139	12
Employee benefit provisions relating to internally restricted assets	155	10	139	12

Total employee benefit provisions relating to restricted assets

	2,910	195	2,982	269
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Total employee benefit provisions relating to unrestricted assets

	12,156	807	11,697	1,038
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Total employee benefit provisions

	15,066	1,002	14,679	1,307
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Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	9,813	10,612
	9,813	10,612

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
2021						
At beginning of year	3,827	161	10,074	1,754	170	15,986
Additional provisions	3,543	142	1,329	154	(33)	5,135
Amounts used (payments)	(3,497)	(161)	(1,395)	–	–	(5,053)
Total ELE provisions at end of year	3,873	142	10,008	1,908	137	16,068
2020						
At beginning of year	3,427	201	9,677	1,693	188	15,186
Additional provisions	3,305	1,209	1,350	61	(18)	5,907
Amounts used (payments)	(2,905)	(1,249)	(953)	–	–	(5,107)
Total ELE provisions at end of year	3,827	161	10,074	1,754	170	15,986

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Tip asset remediation & restoration	–	9,288	–	9,187
Sub-total – asset remediation/restoration	–	9,288	–	9,187
Total provisions	–	9,288	–	9,187
Provisions relating to restricted assets				
Externally restricted assets				
Domestic waste management	–	5,108	–	5,053
Provisions relating to externally restricted assets	–	5,108	–	5,053
Total provisions relating to restricted assets	–	5,108	–	5,053
Total provisions relating to unrestricted assets	–	4,180	–	4,134
Total provisions	–	9,288	–	9,187

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	9,187	9,187
Unwinding of discount	9	9
Remeasurement effects	92	92
Total other provisions at end of year	9,288	9,288
2020		
At beginning of year	8,989	8,989
Unwinding of discount	23	23
Remeasurement effects	175	175
Total other provisions at end of year	9,187	9,187

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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

C3-5 Provisions (continued)

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 and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment 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 and sewer. 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 and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	71,923	4,530	27,622
User charges and fees	24,119	17,889	3,363
Interest and investment revenue	2,082	491	1,196
Other revenues	8,884	113	64
Grants and contributions provided for operating purposes	17,249	360	288
Grants and contributions provided for capital purposes	26,333	3,232	4,109
Other income	1,738	–	–
Total income from continuing operations	152,328	26,615	36,642
Expenses from continuing operations			
Employee benefits and on-costs	43,175	3,056	4,910
Materials and services	50,863	6,910	11,000
Borrowing costs	443	3,288	3,737
Depreciation, amortisation and impairment of non-financial assets	28,111	5,774	7,764
Other expenses	3,552	–	–
Net losses from the disposal of assets	4,066	367	1,530
Total expenses from continuing operations	130,210	19,395	28,941
Operating result from continuing operations	22,118	7,220	7,701
Discontinued operations			
Net profit/(loss) from discontinued operations	(2,836)	–	–
Net operating result for the year	19,282	7,220	7,701
Net operating result attributable to each council fund	19,282	7,184	7,619
Net operating result for the year before grants and contributions provided for capital purposes	(7,051)	3,988	3,592

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	57,703	–	–
Investments	41,023	20,437	18,905
Receivables	6,564	8,447	4,962
Inventories	2,288	–	–
Contract assets and contract cost assets	13,948	–	–
Other	744	–	–
Non-current assets classified as held for sale	19,623	–	–
Total current assets	141,893	28,884	23,867
Non-current assets			
Investments	82,829	8,731	24,415
Receivables	52,503	168	11,129
Infrastructure, property, plant and equipment	1,440,976	361,397	495,135
Intangible assets	137	50,174	–
Other	3,355	–	–
Total non-current assets	1,579,800	420,470	530,679
TOTAL ASSETS	1,721,693	449,354	554,546
LIABILITIES			
Current liabilities			
Payables	19,602	202	244
Contract liabilities	12,588	445	3
Borrowings	1,451	6,413	7,312
Employee benefit provision	12,500	1,105	1,461
Total current liabilities	46,141	8,165	9,020
Non-current liabilities			
Borrowings	10,742	38,230	43,312
Employee benefit provision	830	74	98
Provisions	9,288	–	–
Total non-current liabilities	20,860	38,304	43,410
TOTAL LIABILITIES	67,001	46,469	52,430
Net assets	1,654,692	402,885	502,116
EQUITY			
Accumulated surplus	972,283	212,491	311,527
Revaluation reserves	682,409	190,394	190,589
Council equity interest	1,654,692	402,885	502,116
Total equity	1,654,692	402,885	502,116

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref IR 5779430
Borrower (by purpose)	Airport EPL Development
Lender (by purpose)	Sewer Fund
Date of Minister's approval	02/08/2018
Date raised	01/07/2018
Term years	10
Dates of maturity	30/06/2028
Rate of interest (%)	3.43%
Amount originally raised (\$'000)	\$10,500,000

D2 Interests in other entities

D2-1 Unconsolidated structured entities

Council did not consolidate the following structured entities:

1. Coffs Coast Regional Parks Trust

The Coffs Coast Regional Park Trust was gazetted in 2003 and Council is party to a Memorandum of Understanding and Operational Agreement that together with the Coffs Coast Regional Park Trust Board establishes a framework for joint management and shared responsibility between Council and the Department of Environment and Conservation to manage the area of the Coffs Coast Regional Park. Council is primarily responsible for the provision and maintenance of all facilities and infrastructure, maintenance of areas of open space, maintenance of sewerage infrastructure, provision of access facilities and provision of secretariat services to the Trust Board.

Management assessed the impact of the Trusts operations to be immaterial to the Financial Statements.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Coast Regional Parks Trust. Council has an obligation under the Memorandum of Understanding to contribute financially to the day to day running of the Regional Park.

2. Coffs Harbour Technology Park Limited

Coffs Harbour Technology Park Limited is an unlisted public company that's principal activity is the commercial letting of premises that the company has built on leasehold land. The company was established as a venture with Council, Southern Cross University and NSW TAFE to provide facilities as a focus for technology and technology service providers. The Council holds one third of the share capital, has made unsecured loans to the company and the Council General Manager is a director of the company.

The Councils potential share of the net tangible assets of the company are insignificant to Councils operations and financial position and accordingly the interest in this entity is not material to Councils financial report.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Harbour Technology Park Limited. Since the inception of the Coffs Harbour Technology Park Limited on 31 May 2001, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

3. Prosper Coffs Harbour Limited

Prosper Coffs Harbour Limited is a unlisted public company limited by guarantee that's principal activity is to administer trusts established to secure funding for infrastructure for the ongoing growth and development of the economic, social, cultural and environmental base of the Coffs Harbour community.

The Council is the sole member of the company and the Board of Directors comprise Councillors (25%) Council Executive Staff (25%) and Community Representatives (50%).

The Councils potential share of the net tangible assets of the company are insignificant to Councils operations as the company administers trusts that receive and distribute funds in accordance with trust objectives.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Prosper Coffs Harbour Limited.

Since the inception of the Prosper Coffs Harbour Limited on 4 January 2012, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

D3 Discontinued operations

D3-1 Discontinued operations

\$ '000	2021	2020
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(a) Description

Council executed a long term lease of the Coffs Harbour Airport and ceased owner occupied operations on 31 May 2021.

Airport plant & equipment, office equipment and furniture and fittings were sold to the Airport Lessee and Council ceased owner occupied Airport operations on 31 May 2021 that were then commenced by the Airport Lessee under the Airport Lease Agreement on 1 June 2021.

Council has de-recognised the fair value of the Coffs Harbour Airport assets subject to the lease and recognised a non-current receivable for the present value of those assets, less the airport lease premium paid in the 2020/21 financial year.

(b) Income Statement and cash flow information

Financial performance

Revenues	3,496	7,383
Expenses	(6,332)	(6,377)
Gross profit/(loss) of discontinued operations	(2,836)	1,006

Net carrying value of discontinued operations	-	-
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Net profit/(loss) from discontinued operations	(2,836)	1,006
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Cash flows from discontinued operations

Net cash flows from operating activities (excl. boundary adjustments)	728	2,739
Net increase/(decrease) in cash generated by the operations	728	2,739

(c) Carrying amounts of assets and liabilities

Carrying value – assets	26	89
Carrying value – liabilities	(19)	(15)
Net carrying value	7	74

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	57,703	32,928	57,703	32,927
Receivables	83,773	16,506	31,759	16,480
Investments				
– Debt securities at amortised cost	105,525	95,087	105,525	95,087
– Loans and receivables	42	109	442	409
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	90,773	97,104	90,773	97,104
Total financial assets	337,816	241,734	286,202	242,007
Financial liabilities				
Payables	20,048	10,750	19,966	10,749
Loans/advances	107,460	123,553	130,229	145,046
Total financial liabilities	127,508	134,303	150,195	155,795

Fair value is determined as follows:

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

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.

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,544	2,255
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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 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.

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	3,522	1,029	1,131	387	6,069
2020						
Gross carrying amount	–	4,834	555	632	188	6,209

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.

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	72,443	2,114	136	1,321	2,394	78,408
Expected loss rate (%)	0.59%	1.05%	1.92%	3.36%	4.76%	0.78%
ECL provision	427	22	3	44	114	610
2020						
Gross carrying amount	4,715	2,871	319	507	2,729	11,141
Expected loss rate (%)	0.41%	0.61%	1.16%	2.33%	2.88%	1.18%
ECL provision	19	18	4	12	79	132

(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.

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	2,611	14,889	–	–	17,500	17,582
Loans and advances	6.64%	–	15,176	57,182	35,102	107,460	107,460
Total financial liabilities		2,611	30,065	57,182	35,102	124,960	125,042
2020							
Trade/other payables	0.00%	2,084	6,590	–	–	8,674	8,675
Loans and advances	6.40%	–	15,845	60,485	47,223	123,553	123,553
Total financial liabilities		2,084	22,435	60,485	47,223	132,227	132,228

E2-1 Fair value measurement

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

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

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

- Non-current assets classified as ‘held for sale’

During a reporting period, Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell.

During the current reporting period, there was no recorded change to the assets measured at fair value on a non-recurring basis. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Fair Value Hierachy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierachy 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 or liability held at fair value by Council:

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
– Financial assets at amortised cost		105,525	95,087	–	–	–	–	105,525	95,087
At fair value through profit or loss – designated at fair value on initial recognition		442	409	–	–	–	–	442	409
– Financial assets at fair value through other comprehensive income		90,773	97,104	–	–	–	–	90,773	97,104
Total financial assets		196,740	192,600	–	–	–	–	196,740	192,600
Infrastructure, property, plant and equipment									
Plant and equipment	C1-8	–	–	–	–	20,885	21,812	20,885	21,812
Office equipment		–	–	–	–	968	1,205	968	1,205
Furniture and fittings		–	–	–	–	1,316	1,566	1,316	1,566
Operational land		–	–	111,404	137,626	–	–	111,404	137,626
Community land		–	–	–	–	76,220	75,834	76,220	75,834
Land under roads (post 30/6/08)		–	–	–	–	3,657	3,657	3,657	3,657
Land improvements – depreciable		–	–	–	–	1,582	1,515	1,582	1,515
Buildings – non-specialised		–	–	29,893	45,832	–	–	29,893	45,832
Buildings – specialised		–	–	–	–	75,103	93,021	75,103	93,021
Other structures		–	–	–	–	523	619	523	619
Roads		–	–	–	–	498,685	516,339	498,685	516,339
Bridges		–	–	–	–	69,009	65,135	69,009	65,135
Footpaths		–	–	–	–	56,373	57,360	56,373	57,360
Bulk earthworks (non-depreciable)		–	–	–	–	249,268	258,750	249,268	258,750
Stormwater drainage		–	–	–	–	168,752	182,638	168,752	182,638
Water supply network		–	–	–	–	346,674	346,493	346,674	346,493
Sewerage network		–	–	–	–	472,050	473,373	472,050	473,373
Swimming pools		–	–	–	–	2,016	2,095	2,016	2,095
Other open space/recreational assets		–	–	–	–	33,472	34,923	33,472	34,923
Other assets		–	–	–	–	1,374	1,271	1,374	1,271
Tip asset		–	–	–	–	1,498	2,813	1,498	2,813
Total infrastructure, property, plant and equipment		–	–	141,297	183,458	2,079,425	2,140,419	2,220,722	2,323,877
Non-recurring fair value measurements									

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Non-current assets classified as held for sale	C1-7								
Operating Land		-	-	19,623	2,940	-	-	19,623	2,940
Total NCA's classified as held for sale		-	-	19,623	2,940	-	-	19,623	2,940

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 as follows:

Infrastructure, property, plant and equipment (IPPE)

Community Land

Assets within the "Community Land" class are Council owned land and managed Crown lands.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer-General. Currently all Council owned and managed assets in this asset class are based on UCV.

Valuation techniques remained the same for this reporting period.

Operational Land

Council's operational land includes all of Council's land classified as operational land under Local Government Act 1993 and managed Crown land under the Crown Land Management Act 2016, that has been classified as operational by the Department of Lands. The total area of land at the time of the last valuation was 10,704,811 m².

Council's operational land is valued on an annual basis with a comprehensive valuation completed and revalued every five years. APV Valuers Pty Ltd completed the last valuation in May 2018 with a valuation date of 1 July 2017. The new managed operational lands of 45,112 m², were valued by APV Valuers Pty Ltd as at 30th June 2019 for \$4.045 Million.

Council's operational land was valued using the market approach (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses where there is a market for land of similar characteristics and competition between market participants or replacement cost (highest and best alternative use) being the cost to Council to acquire the land.

Condition of asset and future cash flow from the use of asset are also considered when determining the fair value.

This asset class is categorised as Level 2 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Land Under Roads (post 30/6/08)

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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

Valuation techniques remained the same for this reporting period.

Land Improvements Depreciable

The land improvements asset class consists of recreational surfaces across different playgrounds and parks. This class of assets were viewed and revalued externally by AssetVal Pty Ltd, as at 1 July 2018. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

The condition of each asset was determined by completing inspections using the ratings 1 (Excellent) to 5 (Very Poor). If the asset was determined to be in an "average" condition for its age, the calculation reverts to the construction year. However, if the asset was found to be in better or worse condition for its age, the remaining life was adjusted accordingly.

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.

E2-1 Fair value measurement (continued)

Stormwater Drainage

The stormwater drainage asset class consists of Council's pits and pipes. Independent consultants completed the valuation of these assets using the cost approach and the last valuation was completed as at 1 July 2019. Independent consultants, AssetVal were engaged to assist with the determination of replacement costs and useful lives at 1 July 2020.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigations undertaken across a representative selection of Council's drainage network. To help determine these other significant inputs, 20% of each of the following categories were inspected; detention basins, surface drains, stormwater culverts, gross pollutant traps and 100% of flood warning systems.

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.

Valuation techniques remained the same for this reporting period.

Open Space & Recreational Assets

The open space and recreational asset class includes barbecues, fences, gates, lighting, jetties, viewing platforms, ramps, playground units, shade-sails, stairs, pontoons, parks and sport shelters and outdoor furniture.

This asset class was revalued by AssetVal Pty Ltd as at 1 July 2018. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

The appropriate amount of accumulated depreciation for this class was determined either by a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition rating of 1 (Excellent) to 5 (Very Poor). The assessment of remaining useful life was made taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Due to the predominantly specialised nature of Local Government assets, the valuation was undertaken on a cost approach. The cost approach is deemed a Level 3 input.

Buildings - Non specialised and Specialised

Council engaged APV Valuers Pty Ltd to value all buildings and shelters during the 2017/18 financial year, Council assets with a 1 July 2017 valuation date and Crown Land assets with a 1 July 2018 valuation date. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset. A desktop audit valuation of this asset class as at closing date resulted in no material impacts to their valuation.

Specialised Buildings

Specialised buildings were valued using the cost approach using professionally qualified registered valuers.

The Crown Land holiday parks' villas and cabins have been included in this class. These buildings were valued taking into account actual construction or purchase prices for recent projects within the parks, Rawlinson's Construction Guide or similar guides, and benchmarking against other valuations.

All other buildings in this class were componentised into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Valuation techniques remained the same for this reporting period.

E2-1 Fair value measurement (continued)

Non Specialised Buildings

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Valuation techniques remained the same for this reporting period.

Bulk Earthworks

This asset class is major earth works undertaken at the initial construction of road assets and is the formation component of a road segment. Bulk earthworks are non-depreciable and are re-valued to fair value on the same 5 year cycle as road assets.

Independent valuers completed the valuation of these assets using the cost approach and the last comprehensive valuation was completed as at 1 July 2019. Independent consultants, Talis were engaged to assist in the determination of replacement costs of all bulk earthworks except for the airport runways and taxiways which were valued by AssetVal. The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. As bulk earthworks have an infinite remaining useful life the most significant input into this valuation approach are the dimensions of the asset. Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

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

Valuation techniques remained the same for this reporting period.

Roads

Council's roads are componentised into pavement and surface and further separated into segments for inspection and valuation. The full revaluation of road assets is undertaken on a 5 year cycle.

The most recent comprehensive valuation of this class of assets was completed by independent consultants using the cost approach as at 1 July 2019.

Independent consultants, Talis were engaged to assist with the determination of replacement costs and useful lives of all Council's road network excluding the airport runways and taxiways which were valued by independent consultants, AssetVal.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of road. As part of the valuation for all roads and carparks, to determine the condition rating of the assets, Talis undertook a full inventory and condition assessment for each asset component.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

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.

Valuation techniques remained the same for this reporting period.

Bridges

Council's bridges register consists of all pedestrian and vehicle access bridges. The most recent comprehensive valuation of bridge assets was undertaken by an independent consultant and completed as at 1 July 2019 as part of the overall Transport category revaluation.

Independent consultants, AssetVal were engaged to assist with the determination of replacement costs and useful lives of all Council's bridges.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation

E2-1 Fair value measurement (continued)

of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by AssetVal inspecting 100% of all Councils bridges.

For both the timber and concrete bridges the total cost and area for each component were used to derive an average unit cost for the component.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

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.

Valuation techniques remained the same for this reporting period.

Footpaths

Council's footpath and cycleway networks consist of on-road and off-road paths which may be concrete, sealed or unsealed and include footbridges. For the purpose of asset accounting, on-road paths are considered part of the road network. Off-road paths are the subject of this section.

The most recent comprehensive valuation of footpaths, cycleways and footbridges were undertaken by independent consultants and completed as at 1 July 2019. AssetVal were engaged to complete the valuation for major footbridges with the bridges valuation and Talis were engaged to complete the valuation for all other footpaths and cycleways.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and material of the footpath/cycleway. As part of the valuation for all footpaths and cycleways, to determine the condition rating of the assets, Talis and AssetVal inspected 100% of all assets in this class.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

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.

Valuation techniques remained the same for this reporting period.

Swimming Pool

Swimming pools include all assets located within the facility. APV Valuers Pty Ltd valued the building components of the swimming pools as at 1 July 2017 and AssetVal Pty Ltd valued the swimming pools as at 1 July 2018.

The cost approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

The pools were valued taking into account their cost to construct and using their volume to calculate the replacement cost. Each pool was inspected and given a condition rating, 1 being excellent to 5 being poor, which was used to determine the accumulated depreciation.

As such these assets were classified as having been valued using Level 3 valuation inputs.

Plant & Equipment, Office Equipment and Furniture & Fittings

This asset category includes:

- Plant & Equipment – Motor vehicles, trucks, mowers, earthmoving equipment
- Office Equipment – Computer equipment, photocopiers
- Furniture & Fittings – Chairs, desks, cabinets, display systems

E2-1 Fair value measurement (continued)

These assets are valued at cost in Council's books and reported at fair value due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3.

Valuation techniques remained the same for this reporting period.

Water Network

The water network includes all water supply related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by APV Valuers Pty Ltd with a 1 July 2016 valuation date. The assets were valued based on the replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; componentisation, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, APV's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

Sewer Network

The sewer network includes all sewer related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by APV Valuers Pty Ltd with a 1 July 2016 valuation date. The assets were valued based on the gross replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; components, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, APV's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

Tip Asset

Council has one operational landfill site at present, being the England's Road Waste Management Facility. Council undertakes 6 monthly surveys of the landfill and have undertaken some volume calculations of sections and total landfill capacity. The estimated time of rehabilitation remains difficult to determine due to:

The dynamic nature of the site and waste generation rates/management in the region.

The operational performance of the Coffs Coast Resource Recovery Facility (operated under contract by Biomass Solutions (Coffs Harbour) Pty Ltd) also remains dynamic.

Other landfilling reduction projects are currently under consideration. At current landfilling rates we estimate that the landfill may require rehabilitation by 2021/22 Financial Year.

Funds for rehabilitation are provisioned on an ongoing basis from 2012/13 due to the commencement of final capping. In August 2012, a consultant prepared a report for Council which more fully defines the Council's preferred 'final capping plan' which is the major component of the rehabilitation of the site.

The costs as provided in 2006, indexed to CPI (or construction index) can be considered appropriate at this time. Whilst Council received a consultant's costing report with regard to final capping costs in August 2012 that report relies on assumptions including that the NSW Environment Protection Authority agrees to Council's request for a Licence Variation to amend the proposed 'final capping plan'.

The approach estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3.

E2-1 Fair value measurement (continued)

Others Assets (Artwork & Sculptures)

Council engaged The Curators Department Pty Ltd to value all artwork, memorabilia and monuments with a 1 July 2017 valuation date.

This information was updated into Council's public art register. The valuation methodology was based on determining market value and setting this as the Insurable Value. The insurable value is the assessment of value which would indemnify the council in the event of a loss.

Where a market could be identified, assets were assessed at Net Current Value on the basis of Fair Value in accordance with AASB 13 Fair Value Measurement.

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.

Valuation techniques remained the same for this reporting period.

Non-current assets classified as 'held for sale'

Non-current assets classified as held for sale are measured at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. The assets are recognised at the lower of their carrying value and fair value less costs to sell.

The fair value of the Operational Land held for sale was reassessed as part of an independent Operational Land revaluation during the 2019/20 financial year and an increment was recorded in accordance with Australian Accounting Standards.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Community Land	Land values obtained from the NSW Valuer-General	Unimproved Capital Value per square metre provided by Valuer General
Land under Roads	Average unit rate of Community Land held	Unimproved Capital Value per square metre provided by Valuer General
Operational Land	Rate per square metre	Rate per square metre
Furniture and Fittings, Office Equipment and Plant and Equipment	Replacement Cost	Gross replacement cost Asset condition Remaining useful life Residual value
Buildings (Specialised)	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Roads	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bridges	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Footpaths	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Stormwater Drainage	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Water Supply Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Sewer Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Tip Asset	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Swimming Pools	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Recreational Assets	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bulk Earthworks	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Land Improvements - Depreciable	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Other Assets	Insurance Values (Artworks, Sculptures)	Insurance Values (Artworks, Sculptures)
	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value
Non-current assets classified as 'held for sale'		
Land	Rate per square metre	Rate per square metre
Buildings	Independent external valuation using Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

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

\$ '000	Community Land		Land under Roads (post 30/06/08)		Land improvements depreciable		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	75,834	75,734	3,657	3,489	1,515	1,548	182,638	164,714
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	1,302	–	(443)	–	–	(10,503)	17,654
Other movements								
Transfers from/(to) another asset class	–	–	–	(352)	(55)	–	(3,382)	(305)
Purchases (GBV)	–	–	–	963	2	17	438	3,553
Disposals (WDV)	–	–	–	–	(5)	(14)	(146)	(5,028)
Depreciation and impairment	–	(1,852)	–	–	(118)	(108)	(2,157)	(2,408)
Other movement (WIP Transfers)	–	–	–	–	218	58	1,576	3,719
Other movement (Assets recognised first time)	386	650	–	–	26	14	288	739
Closing balance	76,220	75,834	3,657	3,657	1,583	1,515	168,752	182,638

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	93,021	79,704	1,270	1,250	516,339	407,844	65,136	64,714
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–	23,489	112,646	4,669	2,960
Other movements								
Transfers from/(to) another asset class	(17,184)	6	–	–	(35,405)	(528)	–	(1,917)
Purchases (GBV)	80	2,739	–	9	1,791	3,039	188	1
Disposals (WDV)	(268)	(3,750)	(9)	–	(1,881)	(2,071)	(54)	(152)
Depreciation and impairment	(1,836)	(1,500)	–	–	(11,872)	(15,002)	(1,232)	(1,336)
Other movement (WIP Transfers)	1,291	13,923	–	11	6,161	6,618	125	780

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2021	2020	2021	2020	2021	2020	2021	2020
Other movement (Assets recognised first time)	–	1,899	113	–	63	3,793	177	86
Closing balance	75,104	93,021	1,374	1,270	498,685	516,339	69,009	65,136

\$ '000	Footpaths		Bulk earthworks		Water supply network		Sewer network	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	57,359	46,142	258,751	138,664	346,492	344,276	473,373	474,634
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	(3,603)	6,536	316	117,609	3,160	3,261	4,303	4,455
Other movements								
Transfers from/(to) another asset class	–	1,988	(10,895)	805	–	9	–	–
Purchases (GBV)	786	725	280	546	750	2,795	466	3,388
Disposals (WDV)	(22)	(73)	(327)	(46)	(397)	(383)	(1,530)	(1,171)
Depreciation and impairment	(1,308)	(1,378)	–	–	(5,213)	(6,213)	(7,697)	(11,170)
Other movement (WIP Transfers)	2,723	1,863	1,120	495	1,440	2,711	1,684	2,952
Other movement (Assets recognised first time)	438	1,556	23	678	442	36	1,451	285
Closing balance	56,373	57,359	249,268	258,751	346,674	346,492	472,050	473,373

\$ '000	Swimming pools		Recreational assets		Office equipment		Plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	2,095	2,174	35,541	29,201	1,205	971	21,813	18,126
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	(1,912)	(2)	–	(4)	–	–
Purchases (GBV)	–	–	235	1,216	–	645	4,309	4,006
Disposals (WDV)	–	–	(349)	(330)	(8)	–	(1,604)	(739)
Depreciation and impairment	(79)	(79)	(4,016)	(2,570)	(541)	(469)	(3,891)	(4,201)
Other movement (WIP Transfers)	–	–	3,809	6,533	312	62	254	71
Other movement (Assets recognised first time)	–	–	686	1,493	–	–	3	4,550
Closing balance	2,016	2,095	33,994	35,541	968	1,205	20,884	21,813

\$ '000	Furniture and fittings		Tip asset		Total	
	2021	2020	2021	2020	2021	2020
Opening balance	1,566	1,696	2,813	3,957	2,140,418	1,858,838
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	92	–	21,923	265,980
Transfers from/(to) another asset class	–	–	–	175	(68,833)	(125)
Purchases (GBV)	–	60	–	–	9,325	23,702
Disposals (WDV)	(40)	–	–	–	(6,640)	(13,757)
Depreciation and impairment	(210)	(210)	(1,407)	(1,319)	(41,577)	(49,815)
Other movement (WIP Transfers)	–	20	–	–	20,713	39,816
Other movement (Assets recognised first time)	–	–	–	–	4,096	15,779
Closing balance	1,316	1,566	1,498	2,813	2,079,425	2,140,418

Highest and best use

E2-1 Fair value measurement (continued)

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, 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 life-time of a typical new entrant is calculated. The current future service employer contribution rates are::

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

* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. 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.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$ 847,411.49. The last valuation of the Scheme was performed by Richard Boyfield FIAA as at 30 June 2020 and covers the period ended 30 June 2021.

E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$542,063.28. Council's expected contribution to the plan for the next annual reporting period is \$852,351.60.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$544,600 as at 30 June 2021.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

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.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,293	1,269
Post-employment benefits	106	105
Other long-term benefits	357	347
Total	1,756	1,721

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2021						
Employee expenses relating to close family members of KMP ¹	4a	67	–	Enterprise Agreement and Local Government (NSW) Award	–	–
2020						
Employee expenses relating to close family members of KMP ¹	4a	80	–	Enterprise Agreement and Local Government (NSW) Award	–	–

(1) Close family members of Council's KMP are employed by Council under the relevant pay award on an arm's length basis. There is 1 close family member of KMP currently employed by Council.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	60	44
Councillors' fees	195	162
Other Councillors' expenses (including Mayor)	27	37
Total	282	243

F1-3 Other related parties

		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2021						
Coffs Coast Regional Parks Trust	Contribution to maintenance	318	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	3	400	Memorandum of Understanding	(400)	100
2020						
Coffs Coast Regional Parks Trust	Contribution to maintenance	418	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	4	300	Memorandum of Understanding	(300)	300

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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	136	131
Remuneration for audit and other assurance services	136	131
Total Auditor-General remuneration	136	131
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	78	43
Remuneration for audit and other assurance services	78	43
(ii) Non-assurance services		
Other services	3	41
Remuneration for non-assurance services	3	41
Total remuneration of non NSW Auditor-General audit firms	81	84
Total audit fees	217	215

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	34,203	22,644
Adjust for non-cash items:		
Depreciation and amortisation	41,649	50,324
Net losses/(gains) on disposal / de-recognition of assets	5,963	15,334
Non-cash capital grants and contributions	(4,101)	(22,590)
Adoption of AASB 15/1058	–	(1,813)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(689)	(183)
– Favourable financial liabilities (i.e. initial recognition at fair value)	(6)	(10)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	907
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	9	17
Unwinding of discount rates on reinstatement provisions	9	23
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(6,457)	4,308
Increase/(decrease) in provision for impairment of receivables	(140)	751
Decrease/(increase) in inventories	(366)	117
Decrease/(increase) in other current assets	(2,535)	(221)
Decrease/(increase) in contract assets	(10,709)	(3,239)
Increase/(decrease) in payables	522	104
Increase/(decrease) in accrued interest payable	(104)	(147)
Increase/(decrease) in other accrued expenses payable	3,102	(703)
Increase/(decrease) in other liabilities	5,525	(615)
Increase/(decrease) in contract liabilities	7,771	5,265
Increase/(decrease) in provision for employee benefits	82	800
Increase/(decrease) in other provisions	92	175
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	73,820	71,248

(b) Non-cash investing and financing activities

Assets Recognised for the first time	2,724	15,188
Other dedications (developer)	1,377	7,373
Total non-cash investing and financing activities	4,101	22,561

(c) Net cash flows attributable to discontinued operations

Please refer to Note D3-1 for details of cash flows that relate to discontinued operations

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	8,341	3,497
Sewer network	767	1,005
Water network	–	255
Recreational surfaces	25,348	2,215
Other	199	356
Total commitments	34,655	7,328
These expenditures are payable as follows:		
Within the next year	34,655	7,328
Total payable	34,655	7,328
Sources for funding of capital commitments:		
Section 7.11 and 64 funds/reserves	258	1,818
Unexpended grants	22,609	3,245
Externally restricted reserves	708	–
Internally restricted reserves	11,080	2,265
Total sources of funding	34,655	7,328

Details of capital commitments

Council has tenders and contracts for Capital Works that are in progress as at balance date.

The commitments for capital expenditure represent the balance of planned capital works on contracts that will be completed in the subsequent financial year.

G3-1 Events occurring after the reporting date

Council is aware of the following 'non-adjusting events' that merits disclosure:

At its meeting on 22 July 2021, Council resolved to enter into a fixed interest rate loan agreement to borrow \$50.265 million payable over 30 years with the Westpac Banking Corporation for the Cultural and Civic Space Project.

At its meeting on 2 September 2021, Council resolved to approve the sale of Lot 110 DP 777398, 27-29 Duke Street, Coffs Harbour at the agreed price of \$11.75m (exclusive of GST). The land and building is currently disclosed in Note C1-7 Non-current assets classified as held for sale.

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	2,319	61	–	12	–	–	2,392	–
Roads	5,645	1,091	–	32	(143)	–	6,625	–
Traffic facilities	195	25	–	1	(1)	–	220	–
Parking	795	81	–	4	(47)	–	833	–
Open space	8,033	982	–	42	(1,060)	–	7,997	–
Community facilities	1,025	39	–	6	(4)	–	1,066	–
Other	1,421	171	–	6	(237)	–	1,361	–
S7.11 contributions – under a plan	19,433	2,450	–	103	(1,492)	–	20,494	–
Total S7.11 and S7.12 revenue under plans	19,433	2,450	–	103	(1,492)	–	20,494	–
S7.11 not under plans	386	–	–	2	–	–	388	–
S64 contributions	3,612	5,448	–	21	(5,054)	–	4,027	–
Total contributions	23,431	7,898	–	126	(6,546)	–	24,909	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
City Centre Car Parking								
Parking	671	81	-	4	(4)	-	752	-
Total	671	81	-	4	(4)	-	752	-
Coffs Harbour Road Network								
Roads	-	97	-	-	-	-	97	-
Total	-	97	-	-	-	-	97	-
Corindi								
Roads	13	-	-	-	(1)	-	12	-
Community facilities	176	20	-	1	(1)	-	196	-
Total	189	20	-	1	(2)	-	208	-
Hearnes Lake / Sandy Beach								
Roads	662	137	-	4	-	-	803	-
Open space	855	34	-	5	(6)	-	888	-
Total	1,517	171	-	9	(6)	-	1,691	-
Jetty Area Car Parking								
Parking	55	-	-	-	(5)	-	50	-
Total	55	-	-	-	(5)	-	50	-
Korora Rural Residential Release Area								
Roads	573	14	-	3	-	-	590	-
Open space	52	-	-	1	-	-	53	-
Other	61	2	-	-	-	-	63	-
Total	686	16	-	4	-	-	706	-

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Mines and Extractive Industries								
Roads	21	3	-	-	-	-	24	-
Total	21	3	-	-	-	-	24	-
Moonee Release Area								
Roads	2,016	41	-	10	(22)	-	2,045	-
Open space	821	18	-	4	-	-	843	-
Community facilities	597	-	-	3	-	-	600	-
Total	3,434	59	-	17	(22)	-	3,488	-
North Boambee Valley (East)								
Drainage	80	17	-	-	-	-	97	-
Roads	110	10	-	1	-	-	121	-
Open space	11	3	-	-	-	-	14	-
Community facilities	127	9	-	1	-	-	137	-
Other	70	22	-	-	(2)	-	90	-
Total	398	61	-	2	(2)	-	459	-
North Bonville								
Drainage	323	15	-	2	-	-	340	-
Roads	390	62	-	2	(3)	-	451	-
Open space	257	2	-	1	-	-	260	-
Other	-	1	-	-	(1)	-	-	-
Total	970	80	-	5	(4)	-	1,051	-
Park Beach								
Traffic facilities	58	-	-	-	-	-	58	-
Parking	21	-	-	-	-	-	21	-
Open space	120	-	-	1	-	-	121	-
Total	199	-	-	1	-	-	200	-

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Regional, District and Neighbourhood Facilities and Services								
Open space	5,678	867	-	29	(1,032)	-	5,542	-
Community facilities	-	5	-	-	(3)	-	2	-
Other	662	92	-	3	(197)	-	560	-
Total	6,340	964	-	32	(1,232)	-	6,104	-
South Coffs								
Roads	89	5	-	2	-	-	96	-
Open space	19	1	-	-	-	-	20	-
Total	108	6	-	2	-	-	116	-
Surf Rescue Facilities								
Other	106	24	-	1	(17)	-	114	-
Total	106	24	-	1	(17)	-	114	-
West Coffs								
Drainage	1,916	29	-	10	-	-	1,955	-
Roads	414	84	-	2	-	-	500	-
Open space	156	41	-	1	(20)	-	178	-
Community facilities	125	5	-	1	-	-	131	-
Other	454	2	-	2	(2)	-	456	-
Total	3,065	161	-	16	(22)	-	3,220	-
West Woolgoolga								
Roads	1,126	204	-	6	(117)	-	1,219	-
Traffic facilities	137	25	-	1	(1)	-	162	-
Open space	64	16	-	-	(2)	-	78	-
Other	68	10	-	-	-	-	78	-
Total	1,395	255	-	7	(120)	-	1,537	-
Woolgoolga Car Parking								
Parking	48	-	-	-	(38)	-	10	-
Total	48	-	-	-	(38)	-	10	-

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Bonville Large Lot Release Area								
Roads	231	434	-	2	-	-	667	-
Other	-	18	-	-	(18)	-	-	-
Total	231	452	-	2	(18)	-	667	-

G4-3 Contributions not under plans

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Drainage	170	-	-	1	-	-	171	-
Community facilities	1	-	-	-	-	-	1	-
Other	215	-	-	1	-	-	216	-
Total	386	-	-	2	-	-	388	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8,619	4.76%	(0.87)%	5.36%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	181,222				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	163,325	76.00%	74.66%	77.62%	> 60.00%
Total continuing operating revenue ¹	214,896				
3. Unrestricted current ratio					
Current assets less all external restrictions	154,551	6.49x	8.77x	6.03x	> 1.50x
Current liabilities less specific purpose liabilities	23,821				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	57,736	2.45x	2.24x	2.70x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	23,564				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	7,043	6.31%	6.64%	6.60%	< 10.00%
Rates and annual charges collectable	111,559				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	124,203	9.53	8.70	9.88	> 3.00
Monthly payments from cash flow of operating and financing activities	13,028	mths	mths	mths	mths

(1) Excludes fair value increments on investments, 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 investments, 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 ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(0.68)%	(6.14)%	18.78%	13.09%	15.68%	9.03%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	71.28%	70.88%	86.51%	83.61%	87.96%	83.17%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	6.19x	8.98x	∞	∞	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10.71x	6.87x	1.33x	1.34x	1.43x	1.51x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	6.79%	6.17%	5.27%	8.64%	5.21%	7.58%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.24 mths	7.96 mths	6.39 mths	10.72 mths	8.64 mths	10.52 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 4.76%

Council's operating performance ratio has returned to a favourable position, again performing above the benchmark of >0.00%. Interest and investment income is still impacted by the downturn in the market however Council continues to align its operating expenditure to its available operating revenue.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2020/21 result

2020/21 ratio 76.00%

Council continues to retain a high level of own source revenue and performs well against the benchmark. Despite the ongoing effects of COVID-19 on Council's business units and a decline in investment returns, an increase in user fees and charges and other revenue streams has offset the decline in revenue.

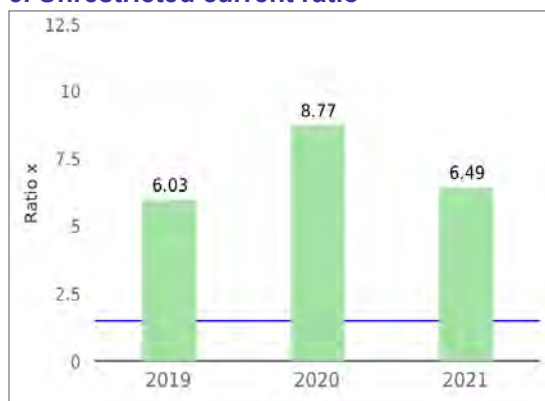
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 6.49x

Council's continues to significantly exceed the ratio benchmark. Council's prudent management of funds resulted in its ability to comfortably meet its budgeted expenditure programs.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 2.45x

Council continues to exceed the debt service cover ratio. This ratio is increase due to the Coffs Harbour Lease premium received and a reduction in loan servicing costs as borrowings approach completion.

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2020/21 result

2020/21 ratio 6.31%

The remains consistent and below the maximum OLG benchmark of 10%. This is a favourable result in light of the hardship concessions that Council has extended to the community in light of the COVID-19 pandemic.

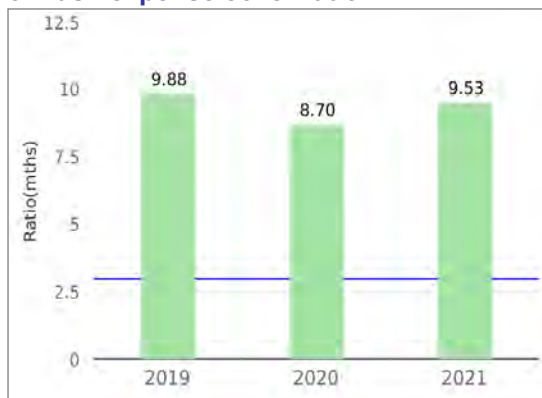
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2020/21 result

2020/21 ratio 9.53 mths

Council still performs well above the benchmark of 3 months and this ratio is increased further due to the Airport Lease premium received. A number of Council capital projects were delayed due to the impacts of COVID-19 and the redirection of resources to grant funded initiatives.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

Corner Coff and Castle Streets
Coffs Harbour NSW 2450

Contact details

Mailing Address:

Locked Bag 155
Coffs Harbour NSW 2450

Telephone: 02 6648 4000

Facsimile: 02 6648 4199

Opening hours:

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

Internet: www.coffsharbour.nsw.gov.au

Email: coffs.council@chcc.nsw.gov.au

Officers

General Manager

Stephen McGrath

Responsible Accounting Officer

Mark Griffioen

Public Officer

Lisa Garden

Auditors

Audit Office of NSW
Level 19, Tower 2
201 Sussex St
SYDNEY NSW 2001

Elected members

Mayor

Denise Knight

Councillors

Michael Adendorff
Paul Amos
John Arkan
George Cecato
Keith Rhoades
Tegan Swan
Sally Townley

Other information

ABN: 79 126 214 487



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Coffs Harbour City Council

To the Councillors of the Coffs Harbour City Council

Opinion

I have audited the accompanying financial statements of Coffs Harbour City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

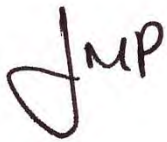
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY



Councillor Denise Knight
 Mayor
 Coffs Harbour City Council
 Locked Bag 155
 COFFS HARBOUR NSW 2450

Contact: Jan-Michael Perez
 Phone no: 02 9275 7115
 Our ref: D2122734/1715

29 October 2021

Dear Mayor

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2021	2020*	Variance
	\$m	\$m	%
Rates and annual charges revenue	104.1	102.3	↑ 1.8
Grants and contributions revenue	51.6	53.1	↓ 2.8
Operating result from continuing operations	37.0	21.6	↑ 71.3
Net operating result for the year attributed to Council*	34.2	22.6	↑ 51.3
Net operating result before capital grants and contributions	0.5	(15.2)	↑ 103.3

* The presentation of the net operating result for the year includes discontinued operations and re-presentation of the 2020 comparatives to reflect the disclosure requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations due to the long-term lease of Coffs Harbour Airport.

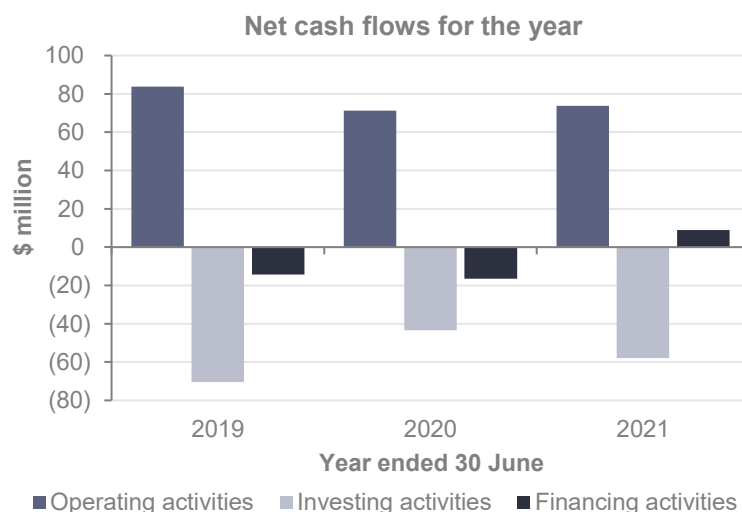
The Council's operating result from continuing operations (\$37.0 million including depreciation and amortisation expense of \$41.6 million) was \$15.4 million higher than the 2019–20 result. The net operating result before capital grants and contributions (\$0.5 million) was \$15.7 million higher than the 2019–20 result. The overall increase in both results have been predominantly driven by decreases in expenses, in particular, \$7.6 million decrease in depreciation and amortisation expenses and decrease in net losses from the disposal of assets compared with the prior year.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of the Council during the year. Cash and cash equivalents at 30 June 2021 was \$57.7 million compared with \$32.9 million in 2019–20.

Operating activities contributed net cash inflow of \$73.8 million (\$71.2 million in 2019–20). Operating activity cash flow was comparable with the prior year.

Net cash received in investing activities was \$25.3 million higher than the previous year due to the receipt of the initial lease payment from the long-term lease of the Coffs Harbour airport.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	254.0	225.2	Cash and investments totalled \$254 million at 30 June 2021 (2020: \$225.2 million). This increase is largely driven by the receipt of \$24.9 million in cash as an initial lease payment for the long-term lease of Coffs Harbour Airport.
• External restrictions	135.2	127.9	
• Internal restrictions	108.0	88.3	
• Unrestricted	10.8	9.0	

Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent development contributions and specific purpose grants, unexpended loans and domestic waste charges.

Internally restricted cash and investments have been restricted in their use by resolution or policy of the Council to reflect forward plans and identified programs of works. These totalled \$108 million and their purpose is fully disclosed in Note C1-3 of the financial statements.

The Council's unrestricted cash and investments amounted to \$10.8 million, which is available to provide liquidity for day to day operations.

Debt

The Council overdraft facilities, which includes loans and purchase card facilities, totalled \$119.2 million as of 30 June 2021. The total drawn down was \$118.3 million.

PERFORMANCE

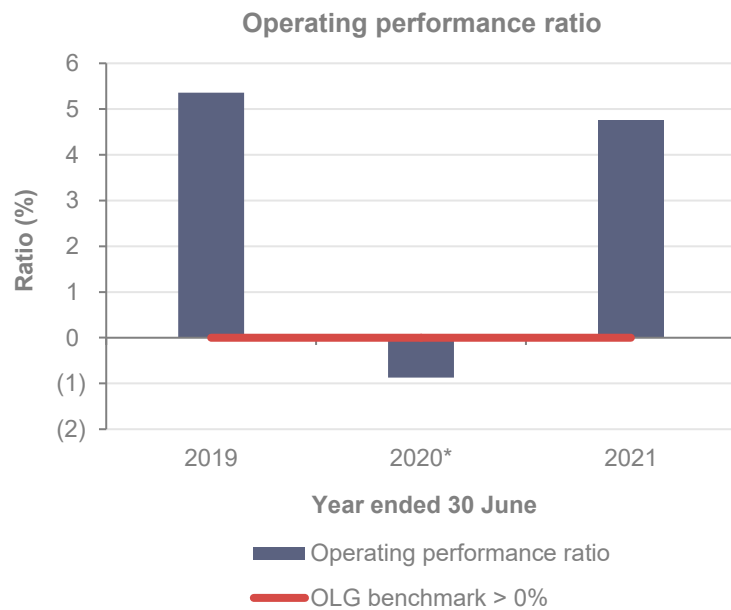
Performance measures

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

Operating performance ratio

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

The Council is above the OLG benchmark for the current reporting period. This year’s result of 4.76 per cent (-0.9 per cent in 2019–20) was primarily driven by lower expenditure from depreciation, amortisation and impairment for non-financial assets, in addition to increased revenues for rates and annual charges and user charges and fees.

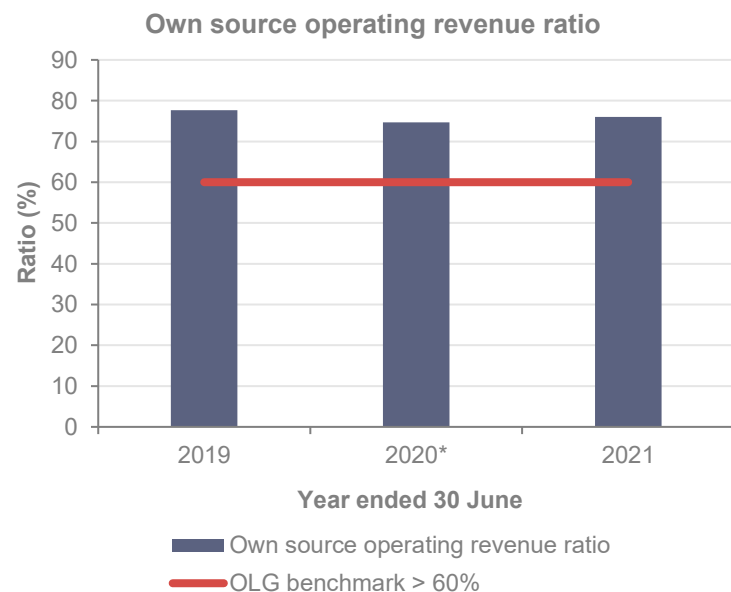


* The 2020 comparative was re-presented to reflect the disclosure requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations arising from the long-term lease of Coffs Harbour Airport.

Own source operating revenue ratio

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

The Council has exceeded the OLG benchmark over the past three years with the ratio remaining relatively stable.

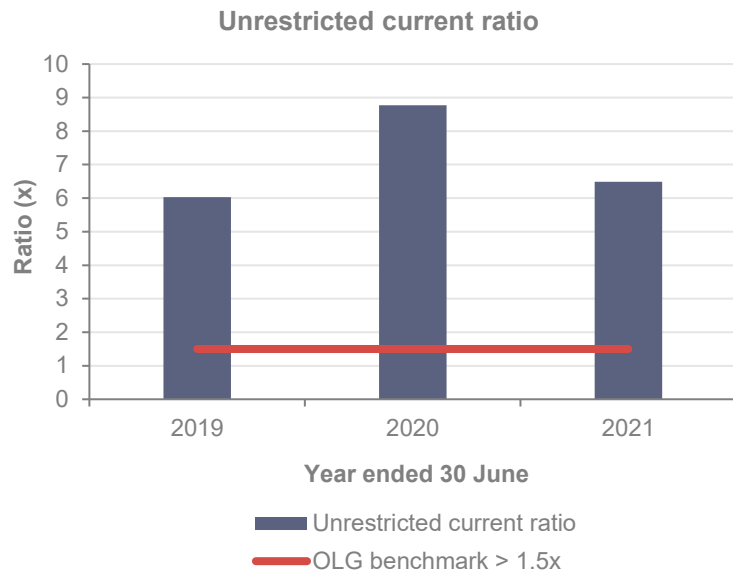


* The 2020 comparative was re-presented to reflect the disclosure requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations arising from the long-term lease of Coffs Harbour Airport.

Unrestricted current ratio

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

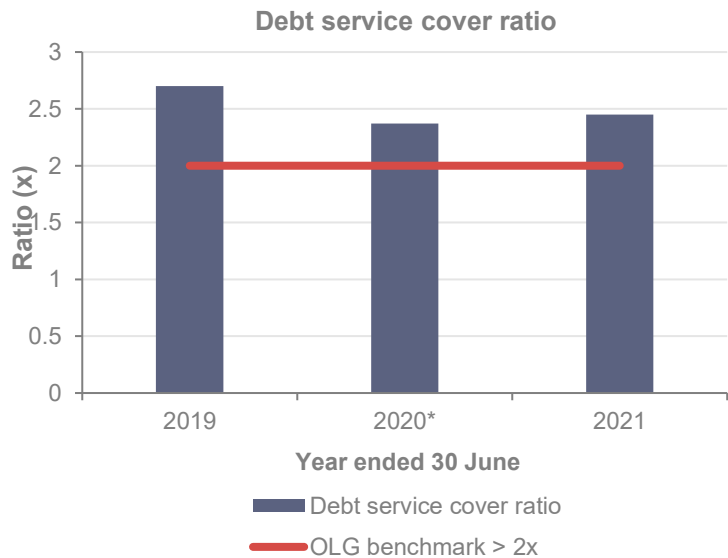
The Council has exceeded the OLG benchmark for the last three years. This year's current ratio of 6.49 is a decrease from 8.77 last year. Exceeding the OLG benchmark indicates the Council has sufficient liquid assets to meet its short-term obligations as and when they fall due.



Debt service cover ratio

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

The Council has exceeded the OLG benchmark for the last three years. This year's ratio of 2.45 indicates Council has sufficient operating cash to meet its debt including interest, principal and lease payments. This ratio has remained stable over recent years.

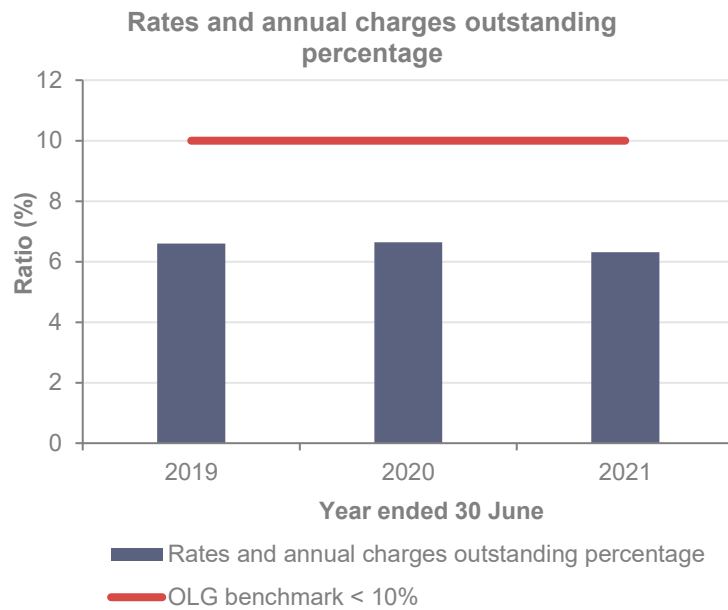


* The 2020 comparative was re-presented to reflect the disclosure requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations arising from the long-term lease of Coffs Harbour Airport.

Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

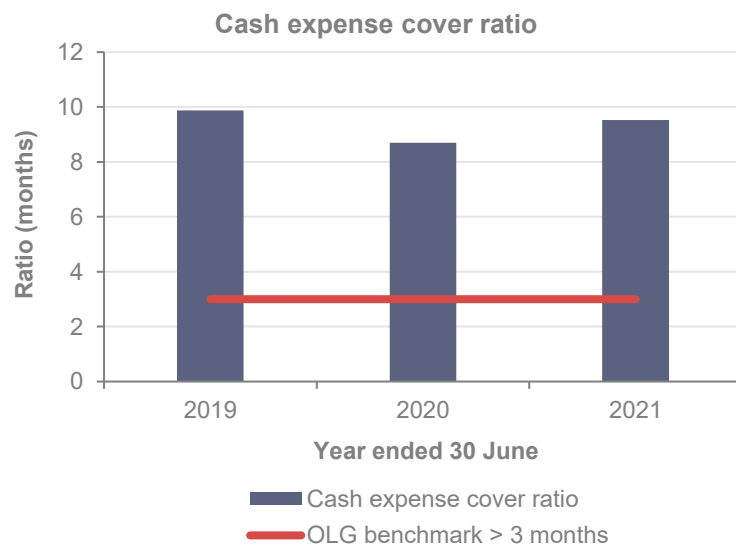
The Council met the OLG benchmark for the last three years. At 30 June 2021 the rates and annual charges ratio was 6.31 per cent (6.64 per cent in 2019–20). The ratio is fairly consistent and continues to be lower than the OLG benchmark of 10 per cent reflecting Council's debt recovery efforts.



Cash expense cover ratio

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

The Council has exceeded the OLG benchmark for the last three years due to having a high amount of investments compared to payments from operating and financing activities.



Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2020–21 totalled \$20.3 million compared with \$30.3 million in the previous year. The decrease in infrastructure, property, plant and equipment renewals was mainly driven by lower renewals in plant and equipment totalling \$0.8 million (\$4.0 million in 2019–20), buildings - specialised of \$0.1 million (\$2.4 million in 2019–20), and water supply network of \$0.7 million (\$1.9 million in 2019–20).

OTHER MATTERS

Long-term lease of Coffs Harbour Airport

On 31 May 2021 Council entered into a 50-year lease agreement with a 49-year option for the long-term lease of Coffs Harbour Airport and the Enterprise Park Land, including associated construction works.

The accounting treatment of the long-term lease was originally presented as an operating lease in the financial statements certified by Council on 26 August 2021. A re-evaluation of the transaction was performed by management, concluding that the transaction was a finance lease, for which the accounting recognition principles were markedly different. This resulted in changes made to the accounting, presentation and disclosure of the long-term lease in the financial statements originally certified by Council.

Management is continuing its work in finalising the full accounting treatment of the lease transaction for 30 June 2022 and for future financial reporting years.

Council Entities

The Council has eight separate Special Purpose entities:

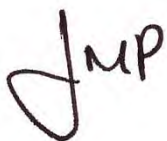
- Water Supply Business Activity
- Sewerage Business Activity
- CitySmart Solutions
- Airport
- Environmental Laboratory
- Coastal Works
- Coffs Coast Holiday Parks.

An unqualified opinion was issued on the Special Purpose Financial Statements for the year ended 30 June 2021.

Legislative compliance

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

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



Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Steve McGrath, General Manager
Barry Ford, Chair of Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Coffs Harbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

*Connected
Sustainable
Thriving*



Coffs Harbour City Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

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

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

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

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(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).

- 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).

Coffs Harbour City Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

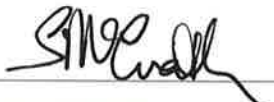
Signed in accordance with a resolution of Council made on 28 October 2021.



Denise Knight
Mayor
28 October 2021



Michael Adendorff
Councillor
28 October 2021



Stephen McGrath
General Manager
28 October 2021



Mark Griffioen
Responsible Accounting Officer
28 October 2021

Coffs Harbour City Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	4,530	4,430
User charges	17,450	17,048
Fees	439	481
Interest	491	537
Grants and contributions provided for non-capital purposes	360	270
Other income	113	115
Total income from continuing operations	23,383	22,881
Expenses from continuing operations		
Employee benefits and on-costs	3,056	3,359
Borrowing costs	3,288	3,713
Materials and services	6,874	3,011
Depreciation, amortisation and impairment	5,774	6,878
Loss on sale of assets	367	384
Calculated taxation equivalents	36	36
Debt guarantee fee (if applicable)	442	505
Other National Competition Policy imputation payments	7	7
Other expenses	-	2,919
Total expenses from continuing operations	19,844	20,812
Surplus (deficit) from continuing operations before capital amounts	3,539	2,069
Grants and contributions provided for capital purposes	3,232	4,161
Surplus (deficit) from continuing operations after capital amounts	6,771	6,230
Surplus (deficit) from all operations before tax	6,771	6,230
Less: corporate taxation equivalent [based on result before capital]	(920)	(569)
Surplus (deficit) after tax	5,851	5,661
Plus Accumulated Funds and Equity Reserves	205,689	200,322
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	36	36
- Debt guarantee fees	442	505
- Corporate taxation equivalent	920	569
- Other National Competition Policy imputation payments	7	7
Less:		
- Tax equivalent dividend paid	(36)	(1,411)
Closing Accumulated Funds and Equity Reserves	212,909	205,689
Return on capital %	1.9%	1.6%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	5,851	5,661
Less: capital grants and contributions (excluding developer contributions)	(3,232)	(4,161)
Surplus for dividend calculation purposes	2,619	1,500
Potential dividend calculated from surplus	1,309	750

Coffs Harbour City Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	27,622	25,663
User charges	2,709	2,733
Liquid trade waste charges	582	597
Fees	72	41
Interest	1,196	1,152
Grants and contributions provided for non-capital purposes	288	267
Other income	64	142
Total income from continuing operations	32,533	30,595
Expenses from continuing operations		
Employee benefits and on-costs	4,910	4,383
Borrowing costs	3,737	4,242
Materials and services	10,918	4,973
Depreciation, amortisation and impairment	7,764	11,160
Loss on sale of assets	1,530	1,171
Calculated taxation equivalents	189	140
Debt guarantee fee (if applicable)	502	576
Other National Competition Policy imputation payments	9	11
Other expenses	–	3,062
Total expenses from continuing operations	29,559	29,718
Surplus (deficit) from continuing operations before capital amounts	2,974	877
Grants and contributions provided for capital purposes	4,109	5,870
Surplus (deficit) from continuing operations after capital amounts	7,083	6,747
Surplus (deficit) from all operations before tax	7,083	6,747
Less: corporate taxation equivalent [based on result before capital]	(773)	(241)
Surplus (deficit) after tax	6,310	6,506
Plus Accumulated Funds and Equity Reserves	306,098	300,601
Plus/less: Transfers to Reserves & Special Schedule Additional Expenses	–	360
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	189	140
– Debt guarantee fees	502	576
– Corporate taxation equivalent	773	241
– Other National Competition Policy imputation payments	9	11
Less:		
– Tax equivalent dividend paid	(82)	(2,337)
Closing Accumulated Funds and Equity Reserves	313,799	306,098
Return on capital %	1.4%	1.0%
Subsidy from Council	317	–
Calculation of dividend payable:		
Surplus (deficit) after tax	6,310	6,506
Less: capital grants and contributions (excluding developer contributions)	(4,109)	(5,870)
Surplus for dividend calculation purposes	2,201	636
Potential dividend calculated from surplus	1,100	318

Coffs Harbour City Council

Income Statement of CitySmart Solutions

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
Other income	1,544	3,189
Total income from continuing operations	1,544	3,189
Expenses from continuing operations		
Employee benefits and on-costs	584	777
Materials and services	996	2,197
Depreciation, amortisation and impairment	3	3
Other expenses	–	212
Total expenses from continuing operations	1,583	3,189
Surplus (deficit) from continuing operations before capital amounts	(39)	–
Surplus (deficit) from continuing operations after capital amounts	(39)	–
Surplus (deficit) from all operations before tax	(39)	–
Surplus (deficit) after tax	(39)	–
Plus Accumulated Funds and Equity Reserves	269	75
Plus/less: Transfer to Reserves	–	234
Plus adjustments for amounts unpaid:		
Less:		
– Dividend paid	–	(40)
Closing Accumulated Funds and Equity Reserves	230	269
Return on capital %	(354.5)%	0.0%
Subsidy from Council	39	–

Coffs Harbour City Council

Income Statement of Coffs Harbour Airport

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	2,040	4,736
Interest	5	88
Grants and contributions provided for non-capital purposes	482	–
Other income	752	1,563
Total income from continuing operations	3,279	6,387
Expenses from continuing operations		
Employee benefits and on-costs	686	739
Borrowing costs	520	602
Materials and services	2,563	2,578
Depreciation, amortisation and impairment	3,014	1,943
Loss on sale of assets	556	991
Calculated taxation equivalents	292	236
Debt guarantee fee (if applicable)	128	150
Other National Competition Policy imputation payments	15	15
Other expenses	–	1,815
Total expenses from continuing operations	7,774	9,069
Surplus (deficit) from continuing operations before capital amounts	(4,495)	(2,682)
Grants and contributions provided for capital purposes	8,930	996
Surplus (deficit) from continuing operations after capital amounts	4,435	(1,686)
Surplus (deficit) from all operations before tax	4,435	(1,686)
Surplus (deficit) after tax	4,435	(1,686)
Plus Accumulated Funds and Equity Reserves	48,053	50,738
Plus/less: Transfer to Reserves	(45,458)	(969)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	292	236
– Debt guarantee fees	128	150
– Other National Competition Policy imputation payments	15	15
Less:		
– TER dividend paid	(292)	(243)
– Dividend paid	(126)	(188)
Closing Accumulated Funds and Equity Reserves	7,047	48,053
Return on capital %	(21.7)%	(2.4)%
Subsidy from Council	4,248	2,832

Coffs Harbour City Council

Income Statement of Coffs Harbour Laboratory

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
Interest	12	27
Other income	1,063	1,031
Total income from continuing operations	1,075	1,058
Expenses from continuing operations		
Employee benefits and on-costs	420	449
Materials and services	361	214
Depreciation, amortisation and impairment	33	34
Other expenses	–	145
Total expenses from continuing operations	814	842
Surplus (deficit) from continuing operations before capital amounts	261	216
Surplus (deficit) from continuing operations after capital amounts	261	216
Surplus (deficit) from all operations before tax	261	216
Less: corporate taxation equivalent [based on result before capital]	(68)	(59)
Surplus (deficit) after tax	193	157
Plus Accumulated Funds and Equity Reserves	2,224	2,008
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	68	59
Closing Accumulated Funds and Equity Reserves	2,485	2,224
Return on capital %	17.0%	13.9%

Coffs Harbour City Council

Income Statement of Coastal Works

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
Interest	4	19
Grants and contributions provided for non-capital purposes	–	13
Other income	5,591	3,671
Total income from continuing operations	5,595	3,703
Expenses from continuing operations		
Employee benefits and on-costs	1,157	622
Materials and services	3,778	1,904
Other expenses	–	379
Total expenses from continuing operations	4,935	2,905
Surplus (deficit) from continuing operations before capital amounts	660	798
Surplus (deficit) from continuing operations after capital amounts	660	798
Surplus (deficit) from all operations before tax	660	798
Less: corporate taxation equivalent [based on result before capital]	(172)	(219)
Surplus (deficit) after tax	488	579
Plus Accumulated Funds and Equity Reserves	1,601	1,206
Plus/less: Transfer to Reserves	(164)	(147)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	172	219
– Dividend paid	(581)	(256)
Closing Accumulated Funds and Equity Reserves	1,516	1,601

Coffs Harbour City Council

Income Statement of Coffs Coast Holiday Parks

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	11,991	9,144
Interest	21	57
Grants and contributions provided for non-capital purposes	952	30
Other income	227	201
Total income from continuing operations	13,191	9,432
Expenses from continuing operations		
Employee benefits and on-costs	5,052	4,360
Borrowing costs	40	47
Materials and services	5,084	1,353
Depreciation, amortisation and impairment	2,581	1,198
Loss on sale of assets	542	249
Debt guarantee fee (if applicable)	6	8
Other expenses	-	2,913
Total expenses from continuing operations	13,305	10,128
Surplus (deficit) from continuing operations before capital amounts	(114)	(696)
Grants and contributions provided for capital purposes	855	156
Surplus (deficit) from continuing operations after capital amounts	741	(540)
Surplus (deficit) from all operations before tax	741	(540)
Surplus (deficit) after tax	741	(540)
Plus Accumulated Funds and Equity Reserves	2,957	3,799
Plus/less: other adjustments (Opening Reserves)	-	(310)
Plus adjustments for amounts unpaid:		
- Debt guarantee fees	6	8
Closing Accumulated Funds and Equity Reserves	3,704	2,957
Return on capital %	(0.1)%	(0.9)%
Subsidy from Council	1,136	1,282

Coffs Harbour City Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Investments	20,437	15,027
Receivables	8,447	8,827
Inventories	–	244
Total current assets	28,884	24,098
Non-current assets		
Investments	8,731	14,119
Receivables	168	162
Infrastructure, property, plant and equipment	361,397	357,588
Intangible assets	50,174	50,648
Total non-current assets	420,470	422,517
Total assets	449,354	446,615
LIABILITIES		
Current liabilities		
Contract liabilities	445	361
Payables	202	426
Borrowings	6,413	6,917
Employee benefit provisions	1,105	1,611
Total current liabilities	8,165	9,315
Non-current liabilities		
Borrowings	38,230	44,226
Employee benefit provisions	74	146
Total non-current liabilities	38,304	44,372
Total liabilities	46,469	53,687
Net assets	402,885	392,928
EQUITY		
Accumulated Funds and Equity Reserves	212,491	205,689
Revaluation reserves	190,394	187,239
Total equity	402,885	392,928

Coffs Harbour City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Investments	18,905	16,025
Receivables	4,962	5,359
Total current assets	23,867	21,384
Non-current assets		
Investments	24,415	27,035
Receivables	11,129	11,112
Infrastructure, property, plant and equipment	495,135	492,707
Total non-current assets	530,679	530,854
Total assets	554,546	552,238
LIABILITIES		
Current liabilities		
Contract liabilities	3	3
Payables	244	591
Borrowings	7,312	7,913
Employee benefit provisions	1,461	1,063
Total current liabilities	9,020	9,570
Non-current liabilities		
Borrowings	43,312	50,181
Employee benefit provisions	98	96
Total non-current liabilities	43,410	50,277
Total liabilities	52,430	59,847
Net assets	502,116	492,391
EQUITY		
Accumulated Funds and Equity Reserves	311,527	306,098
Revaluation reserves	190,589	186,293
Total equity	502,116	492,391

Coffs Harbour City Council

Statement of Financial Position of CitySmart Solutions

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Inventories	701	577
Contract assets and contract cost assets	12	377
Total current assets	713	954
Non-current assets		
Infrastructure, property, plant and equipment	11	14
Total non-current assets	11	14
Total assets	724	968
LIABILITIES		
Current liabilities		
Payables	372	534
Contract liabilities	33	16
Employee benefit provisions	86	145
Total current liabilities	491	695
Non-current liabilities		
Employee benefit provisions	3	4
Total non-current liabilities	3	4
Total liabilities	494	699
Net assets	230	269
EQUITY		
Accumulated Funds and Equity Reserves	230	269
Total equity	230	269

Coffs Harbour City Council

Statement of Financial Position of Coffs Harbour Airport

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	–	6
Receivables	191	3,208
Contract assets and contract cost assets	7,857	–
Total current assets	8,048	3,214
Non-current assets		
Receivables	–	32
Infrastructure, property, plant and equipment	18,289	85,425
Total non-current assets	18,289	85,457
Total assets	26,337	88,671
LIABILITIES		
Current liabilities		
Payables	8,573	100
Borrowings	–	1,161
Employee benefit provisions	203	232
Total current liabilities	8,776	1,493
Non-current liabilities		
Borrowings	10,500	12,742
Employee benefit provisions	14	19
Total non-current liabilities	10,514	12,761
Total liabilities	19,290	14,254
Net assets	7,047	74,417
EQUITY		
Accumulated Funds and Equity Reserves	7,047	48,053
Revaluation reserves	–	26,364
Total equity	7,047	74,417

Coffs Harbour City Council

Statement of Financial Position of Coffs Harbour Laboratory

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Receivables	1,106	815
Inventories	35	35
Total current assets	1,141	850
Non-current assets		
Infrastructure, property, plant and equipment	1,531	1,550
Total non-current assets	1,531	1,550
Total assets	2,672	2,400
LIABILITIES		
Current liabilities		
Contract liabilities	6	–
Payables	6	7
Employee benefit provisions	98	91
Total current liabilities	110	98
Non-current liabilities		
Employee benefit provisions	7	8
Total non-current liabilities	7	8
Total liabilities	117	106
Net assets	2,555	2,294
EQUITY		
Accumulated Funds and Equity Reserves	2,485	2,224
Revaluation reserves	70	70
Total equity	2,555	2,294

Coffs Harbour City Council

Statement of Financial Position of Coastal Works

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Contract assets and contract cost assets	1,470	35
Receivables	1,159	1,609
Inventories	155	–
Total current assets	2,784	1,644
Total assets	2,784	1,644
LIABILITIES		
Current liabilities		
Contract liabilities	1,251	35
Payables	13	8
Employee benefit provisions	4	–
Total current liabilities	1,268	43
Total liabilities	1,268	43
Net assets	1,516	1,601
EQUITY		
Accumulated Funds and Equity Reserves	1,516	1,601
Total equity	1,516	1,601

Coffs Harbour City Council

Statement of Financial Position of Coffs Coast Holiday Parks

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	130	134
Receivables	383	8
Inventories	89	78
Contract assets and contract cost assets	676	–
Other	9	4
Total current assets	1,287	224
Non-current assets		
Investments	–	545
Infrastructure, property, plant and equipment	71,248	71,986
Intangible assets	32	37
Total non-current assets	71,280	72,568
Total assets	72,567	72,792
LIABILITIES		
Current liabilities		
Payables	831	1,667
Borrowings	190	190
Contract liabilities	1,679	1,514
Employee benefit provisions	618	602
Total current liabilities	3,318	3,973
Non-current liabilities		
Borrowings	380	569
Employee benefit provisions	38	52
Total non-current liabilities	418	621
Total liabilities	3,736	4,594
Net assets	68,831	68,198
EQUITY		
Accumulated Funds and Equity Reserves	3,704	2,957
Revaluation reserves	65,127	65,241
Total equity	68,831	68,198

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Coffs Harbour City Council Water Supplies

Water supply activity servicing the Coffs Harbour local government area

b. Coffs Harbour City Council Sewerage Service

Sewerage reticulation & treatment activity servicing the Coffs Harbour local government area

c. Coffs Harbour Airport

Airport activities carried out by Council in its own name

d. CitySmart Solutions

Telemetry switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy income.

e. Coastal Works

Infrastructure construction, maintenance and consultancy

f. Coffs Coast Holiday Parks

Holiday Park operations at 4 locations and maintenance of Crown reserves

Note – Significant Accounting Policies (continued)

Category 2

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

a. Coffs Harbour Laboratory

Environmental testing, analysis and consultancy

Coffs Harbour Airport Discontinued Operations

The impacts of the Covid pandemic on air travel has been significant on the Coffs Harbour Airport.

The reported operational loss in 2020/21 was \$4.495 million (including an impairment of the intangible asset carpark business goodwill of \$1.36 million).

The 2019/20 operational loss was reported as \$2.682 Million (including an impairment of the intangible asset carpark business goodwill of \$0.556 Million).

On 31 May 2021 Council executed a lease agreement for the Coffs Harbour Airport. The Coffs Harbour Airport Business Unit ceased operations on that date. The Coffs Harbour Airport Assets not sold as part of the agreement now comprise the Investment Property recognised in the General Purpose Financial Statements at Note C1-9.

The financial returns to Council from the Airport Lease Investment Property comprise lease premiums, rent and development fee payments without significant expenditures over the lease term of 50 years. Council will continue to service repayments on loans related to the Coffs Harbour Airport assets and related Airport Enterprise Park development.

Taxation equivalent charges

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

Notional rate applied (%)

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

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

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

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Note – Significant Accounting Policies (continued)

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Coffs Harbour City Council

To the Councillors of the Coffs Harbour City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coffs Harbour City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- CitySmart Solutions
- Coffs Harbour Airport
- Coffs Harbour Laboratory
- Coastal Works
- Coffs Coast Holiday Parks.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

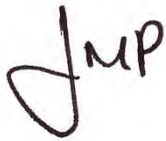
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Coffs Harbour City Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

*Connected
Sustainable
Thriving*



Coffs Harbour City Council

Special Schedules

for the year ended 30 June 2021

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Coffs Harbour City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	50,109	48,781
Plus or minus adjustments ²	b	246	225
Notional general income	c = a + b	50,355	49,006
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Less expiring special variation amount	g	(2,027)	-
Or plus rate peg amount	i = e x (c + g)	1,257	980
Sub-total	k = (c + g + h + i + j)	49,585	49,986
Plus (or minus) last year's carry forward total	l	(70)	769
Less valuation objections claimed in the previous year	m	(17)	-
Sub-total	n = (l + m)	(87)	769
Total permissible income	o = k + n	49,498	50,755
Less notional general income yield	p	48,781	49,916
Catch-up or (excess) result	q = o - p	716	787
Carry forward to next year ⁶	t = q + r + s	716	787

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Coffs Harbour City Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

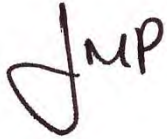
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink, consisting of the letters 'JMP' in a stylized, cursive font.

Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^a	2020/21 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	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	–	–	1,895	1,593	104,997	147,911	59.0%	33.0%	6.0%	1.0%	1.0%
	Sub-total	–	–	1,895	1,593	104,997	147,911	59.0%	33.0%	6.0%	1.0%	1.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	3,917	3,788	403,438	527,352	48.0%	48.0%	4.0%	0.0%	0.0%
	Unsealed roads	–	–	157	664	20,813	23,425	20.0%	24.0%	50.0%	5.0%	1.0%
	Bridges	2,000	2,000	160	131	69,009	101,473	23.0%	61.0%	14.0%	2.0%	0.0%
	Footpaths	–	–	305	350	56,373	77,443	51.0%	28.0%	15.0%	4.0%	2.0%
	Other road assets	–	–	272	333	3,582	4,911	72.0%	21.0%	6.0%	1.0%	0.0%
	Bulk earthworks	–	–	1,765	1,707	249,268	249,268	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	–	–	502	485	70,852	80,827	98.0%	2.0%	0.0%	0.0%	0.0%
Sub-total	2,000	2,000	7,078	7,458	873,336	1,064,699	61.3%	32.4%	5.5%	0.6%	0.2%	
Water supply network	Water supply network	–	–	2,871	2,462	346,674	482,278	8.0%	18.0%	70.0%	3.0%	1.0%
	Sub-total	–	–	2,871	2,462	346,674	482,278	8.0%	18.0%	70.0%	3.0%	1.0%
Sewerage network	Sewerage network	–	–	3,040	2,565	472,050	695,257	16.0%	35.0%	46.0%	3.0%	0.0%
	Sub-total	–	–	3,040	2,565	472,050	695,257	16.0%	35.0%	46.0%	3.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	342	405	168,752	244,425	45.0%	37.0%	17.0%	1.0%	0.0%
	Sub-total	–	–	342	405	168,752	244,425	45.0%	37.0%	17.0%	1.0%	0.0%
Open space / recreational assets	Other Open Space	22,590	22,590	525	656	33,471	75,186	18.0%	16.0%	28.0%	8.0%	30.0%
	Swimming Pools	8,000	8,000	54	136	2,016	4,713	20.0%	51.0%	2.0%	27.0%	0.0%
	Sub-total	30,590	30,590	579	792	35,487	79,899	18.1%	18.1%	26.5%	9.1%	28.2%
Other infrastructure assets	Other	–	–	–	–	522	1,190	5.0%	90.0%	4.0%	1.0%	0.0%
	Sub-total	–	–	–	–	522	1,190	5.0%	90.0%	4.0%	1.0%	0.0%
Total – all assets		32,590	32,590	15,805	15,275	2,001,818	2,715,659	37.3%	30.6%	29.0%	1.9%	1.1%

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

Coffs Harbour City Council

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

Infrastructure asset condition assessment 'key'

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

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,657	13.49%	32.11%	37.37%	>= 100.00%
Depreciation, amortisation and impairment	34,522				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	32,590	1.57%	1.51%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	2,078,602				
Asset maintenance ratio					
Actual asset maintenance	15,275	96.65%	95.36%	98.05%	> 100.00%
Required asset maintenance	15,805				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	32,590	1.20%	1.15%	0.00%	
Gross replacement cost	2,715,659				

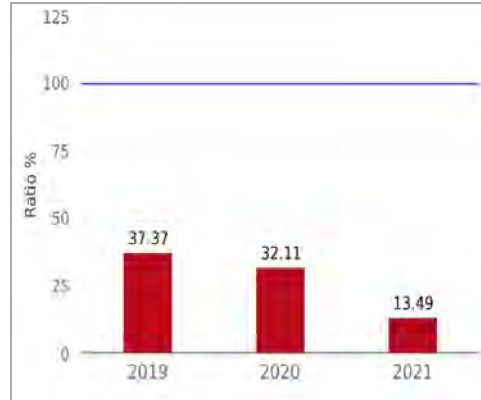
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

20/21 ratio 13.49%

This ratio excludes current building and infrastructure works in progress, thus relates only to Council's capital works started and completed within the same financial year.

Required renewal is determined based on assessed remaining service capacity of building and infrastructure assets with the majority of Council's assets currently assessed as good/satisfactory condition.

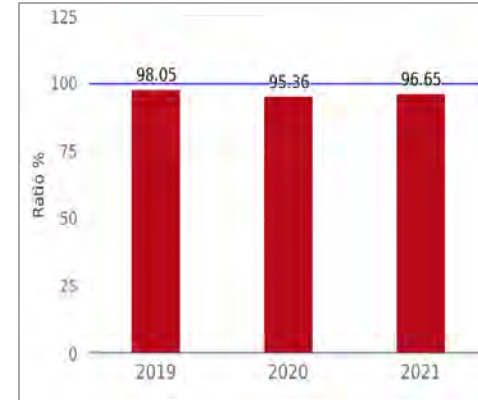
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

20/21 ratio 96.65%

This ratio demonstrates that Council is still investing the required funds to maintain infrastructure at the required service levels.

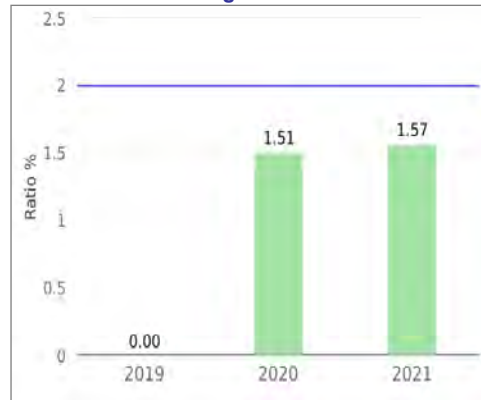
Benchmark: — $> 100.00\%$

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

20/21 ratio 1.57%

The Infrastructure backlog is based on the principle that assets not included in the current works program, which have an unacceptable level of risk, will be reported at the cost of undertaking the renewal or maintenance work.

The works required will bring the assets back to a satisfactory condition, as determined by Council and the community.

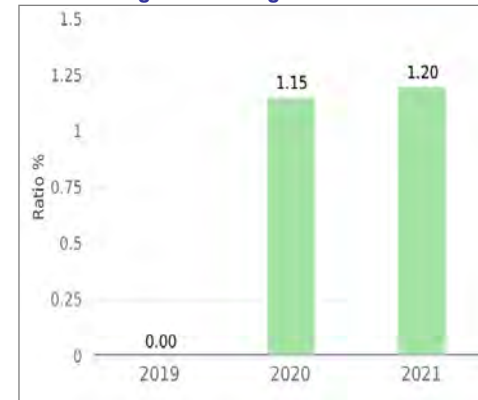
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

20/21 ratio 1.20%

The estimated cost to bring the asset to a satisfactory standard should be measured against the condition 2 rating of 'good' as stated in the Integrated Planning & Reporting framework for Local Government in NSW.

However in practical terms, the assets will be renewed to condition 1, which is the cost calculated.

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	15.94%	43.02%	14.33%	30.07%	6.05%	9.59%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.59%	2.47%	0.00%	0.00%	0.00%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	103.58%	99.22%	85.75%	98.60%	84.38%	80.62%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.12%	1.97%	0.00%	0.00%	0.00%	0.00%	

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