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# Central Coast Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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## Central Coast Council

# General Purpose Financial Statements

for the year ended 30 June 2018

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## Overview

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

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

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

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## Central Coast Council

# General Purpose Financial Statements

for the year ended 30 June 2018

## Understanding Council's financial statements

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### Introduction

Each year, individual Local Governments across New South Wales are required to present a set of 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 2018.

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.

During the first year of the amalgamation of Central Coast Council, the migration from the legacy financial systems was completed so that from 1 July 2017. This has enabled a streamlined approach to the classification of financial account descriptions resulting in some reclassifications of prior year comparative balances.

### About the Statement by Councillors and Management

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

This 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

This statement primarily records changes in the fair value of Council's infrastructure, property, plant and equipment.

#### 3. The Statement of Financial Position

This statement is a 30 June snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

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

This statement records the overall change for the year (in dollars) of Council's net wealth'.

#### 5. The Statement of Cash Flows

This statement 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 annual 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.

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## Central Coast Council

### General Purpose Financial Statements for the year ended 30 June 2018

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 26/11/2018.**

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Jane Smith  
Mayor

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Chris Holstein  
Deputy Mayor

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Gary Murphy  
General Manager

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Vivienne Louie  
Responsible Accounting Officer

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## Central Coast Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
344,011	Rates and annual charges	3a	348,469	371,225
131,883	User charges and fees	3b	139,198	151,058
10,156	Interest and investment revenue	3c	13,635	14,096
13,409	Other revenues	3d	16,361	16,815
43,456	Grants and contributions provided for operating purposes	3e,f	44,614	80,235
28,150	Grants and contributions provided for capital purposes	3e,f	88,915	90,270
<b>Other income:</b>				
10,000	Net gains from the disposal of assets	5	—	—
<b>581,065</b>	<b>Total income from continuing operations</b>		<b>651,192</b>	<b>723,699</b>
<b>Expenses from continuing operations</b>				
182,009	Employee benefits and on-costs	4a	185,940	187,074
20,222	Borrowing costs	4b	20,663	25,135
123,615	Materials and contracts	4c	112,667	124,465
125,753	Depreciation and amortisation	4d	139,380	150,215
99,377	Other expenses	4e	87,278	78,850
—	Net losses from the disposal of assets	5	3,829	2,257
—	Revaluation decrement / impairment of IPP&E	4d	35,221	—
<b>550,976</b>	<b>Total expenses from continuing operations</b>		<b>584,978</b>	<b>567,996</b>
<b>30,089</b>	<b>Operating result from continuing operations</b>		<b>66,214</b>	<b>155,703</b>
<b>30,089</b>	<b>Net operating result for the year</b>		<b>66,214</b>	<b>155,703</b>
<b>Gain on local government amalgamation</b>				
—	Net assets transferred from former councils		—	6,704,827
<b>30,089</b>	<b>Net result for the period</b>		<b>66,214</b>	<b>6,860,530</b>
30,089	Net operating result attributable to Council		66,214	6,860,530
1,939	Net operating result for the period before grants and contributions provided for capital purposes and gain on amalgamation		(22,701)	65,433

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## Central Coast Council

# Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>Net result for the period</b> (as per Income Statement)		<b>66,214</b>	<b>6,860,530</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	116,477	33,461
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>116,477</b>	<b>33,461</b>
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>116,477</b>	<b>33,461</b>
<b>Total comprehensive income for the year</b>		<b>182,691</b>	<b>6,893,991</b>
Total comprehensive income attributable to Council		182,691	6,893,991

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## Central Coast Council

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	59,502	2,597
Investments	6b	138,453	326,765
Receivables	7	86,115	84,912
Inventories	8	1,431	1,417
Other	8	3,607	2,147
<b>Total current assets</b>		<b>289,108</b>	<b>417,838</b>
<b>Non-current assets</b>			
Investments	6b	278,750	82,750
Receivables	7	3,559	3,706
Infrastructure, property, plant and equipment	9	6,996,427	6,881,509
Intangible assets	10	10,398	1,703
Other	8	480	300
<b>Total non-current assets</b>		<b>7,289,614</b>	<b>6,969,968</b>
<b>TOTAL ASSETS</b>		<b>7,578,722</b>	<b>7,387,806</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	86,316	59,441
Income received in advance	11	6,680	7,050
Borrowings	11	32,994	23,976
Provisions	12	69,176	63,002
<b>Total current liabilities</b>		<b>195,166</b>	<b>153,469</b>
<b>Non-current liabilities</b>			
Income received in advance	11	10,189	9,421
Borrowings	11	231,867	264,861
Provisions	12	64,818	66,064
<b>Total non-current liabilities</b>		<b>306,874</b>	<b>340,346</b>
<b>TOTAL LIABILITIES</b>		<b>502,040</b>	<b>493,815</b>
<b>Net assets</b>		<b>7,076,682</b>	<b>6,893,991</b>
<b>EQUITY</b>			
Accumulated surplus	13	6,926,744	6,860,530
Revaluation reserves	13	149,938	33,461
<b>Total equity</b>		<b>7,076,682</b>	<b>6,893,991</b>

## Central Coast Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total equity	13/5/16	IPP&E	Total equity
		Accumulated surplus	revaluation reserve		to 30/6/17	revaluation reserve	
					Accumulated surplus		
<b>Opening balance</b>		6,860,530	33,461	<b>6,893,991</b>	–	–	–
Net operating result for the year as reported in the 2017 financial statements		<b>66,214</b>	–	<b>66,214</b>	6,860,530	–	<b>6,860,530</b>
<b>Net operating result for the year</b>		<b>66,214</b>	–	<b>66,214</b>	<b>6,860,530</b>	–	<b>6,860,530</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9	–	116,477	<b>116,477</b>	–	33,461	<b>33,461</b>
<b>Other comprehensive income</b>		–	<b>116,477</b>	<b>116,477</b>	–	<b>33,461</b>	<b>33,461</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>66,214</b>	<b>116,477</b>	<b>182,691</b>	<b>6,860,530</b>	<b>33,461</b>	<b>6,893,991</b>
<b>Equity – balance at end of the reporting period</b>		<b>6,926,744</b>	<b>149,938</b>	<b>7,076,682</b>	<b>6,860,530</b>	<b>33,461</b>	<b>6,893,991</b>



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## Central Coast Council

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
343,973	Rates and annual charges		348,295	394,896
132,472	User charges and fees		139,158	132,658
10,153	Investment and interest revenue received		14,331	12,073
71,612	Grants and contributions		130,554	148,414
–	Bonds, deposits and retention amounts received		1,288	2,266
13,502	Other		38,061	80,242
<b>Payments:</b>				
(185,414)	Employee benefits and on-costs		(179,917)	(186,926)
(103,636)	Materials and contracts		(108,092)	(126,940)
(20,188)	Borrowing costs		(19,391)	(27,998)
(16)	Bonds, deposits and retention amounts refunded		–	–
(97,412)	Other		(99,604)	(108,039)
165,046	Net cash provided (or used in) operating activities	14b	264,683	320,646
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
314,915	Sale of investment securities		326,765	297,500
10,000	Sale of infrastructure, property, plant and equipment		3,108	7,569
–	Deferred debtors receipts		2	2
<b>Payments:</b>				
(275,000)	Purchase of investment securities		(334,453)	(431,804)
(189,121)	Purchase of infrastructure, property, plant and equipment		(179,224)	(190,599)
(139,206)	Net cash provided (or used in) investing activities		(183,802)	(317,332)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(25,837)	Repayment of borrowings and advances		(23,976)	(28,367)
(25,837)	Net cash flow provided (used in) financing activities		(23,976)	(28,367)
3	Net increase/(decrease) in cash and cash equivalents		56,905	(25,053)
<b>Plus: cash and cash equivalents – beginning of period</b>				
2,597		14a	2,597	–
–	Plus: cash transferred on amalgamation of councils		–	27,650
2,600	Cash and cash equivalents – end of the year	14a	59,502	2,597
Additional Information:				
	plus: Investments on hand – end of year	6b	417,203	409,515
<b>Total cash, cash equivalents and investments</b>			<b>476,705</b>	<b>412,112</b>

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 26/11/2018.

Council has the power to amend and reissue these financial statements.

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

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions.

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 19 – Material budget variations

**(a) New and amended standards adopted by Council**

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

Central Coast Council, being a newly merged Council, is now required to report related party disclosures under AASB 124 *Related Party Disclosures*. The reporting requirements under this accounting standard were adopted for the first time in these financial statements.

Adopting this standard has had no impact on the reporting of Council's financial position or performance.

Note 21 is now included in these financial statements for related parties and incorporates all required related party disclosures.

**(b) Historical cost convention**

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

**(c) 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.

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 1. Basis of preparation (continued)

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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 9,
- (ii) estimated tip remediation provisions – refer Note 12,
- (iii) employee benefit provisions – refer Note 12.

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

- (iv) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

### **Monies and other assets received by Council**

#### **(a) The Consolidated Fund**

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

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

- General purpose operations
- Committees established under the *Local Government Act 1993 (NSW)* S355
- Somersby Industrial Estate

#### **(b) The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

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

### **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.

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Basis of preparation (continued)

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.

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

Local Government Code of Accounting Practice and reporting (Code Update 26) introduces new accounting standards issued by the Australian Accounting Standards Board that are not yet effective, but require disclosure in Council's financial statements for 30 June 2018.

Council has not elected to adopt any of these standards before their operative date in these financial statements.

As at the date of authorisation of these financial statements, the standards listed below were in issue but not yet effective. The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

**Effective for annual reporting periods beginning on or after 1 January 2018**

Pronouncement	<b>AASB 9 Financial Instruments and Associated Amending Standards</b>
Nature of change in accounting policy	<p>Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.</p> <p>Amends measurement rules for financial liabilities that Council elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in Council's own credit risk are presented in Other Comprehensive Income.</p> <p>Impairment of assets is now based on expected losses in AASB 9 which requires Council to measure:</p> <ul style="list-style-type: none"> <li>• The 12 month expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date</li> <li>• Expected credit losses that result from all possible default events over the life of the financial instrument.</li> </ul>
Expected impact on Council's financial statements	Each financial asset and liability held by Council will be assessed for potential impacts under AASB 9. Council regularly assess its financial risk associated with its investments and borrowings and does not believe that the implementation of AASB 9 will have a significant impact on Council's financial statements.

Pronouncement	<b>AASB 15 Revenue from Contracts with Customers, and associated amending standards</b>
Nature of change in accounting policy	<p>AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for Council's to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration to which Council expects to be entitled in exchange for those goods and services.</p> <p>Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.</p>

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Basis of preparation (continued)

	AASB 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.
Expected impact on Council's financial statements	Council will assess each revenue stream to determine when, under the five step process, that revenue should be recognised. The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements. In particular, the timing and specific nature of grant income will be assessed.

## Effective for annual reporting periods beginning on or after 1 January 2019

Pronouncement	<b>AASB 1058 Income of Not-For-Profit Entities</b>
Nature of change in accounting policy	<p>AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 <i>Contributions</i>. Under this Standard, the timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners, related to an asset received.</p> <p>Where Council receives an asset for significantly less than its fair value principally to enable it to further its objectives, it recognises the asset in accordance with the relevant Australian Accounting Standard. Council then considers whether any other financial statement disclosure (called 'related amounts') should be recognised in accordance with the applicable accounting standard, for example:</p> <ul style="list-style-type: none"> <li>• Contributions by owners (AASB 1004)</li> <li>• Revenue or contract liability (AASB 15)</li> <li>• A lease liability (AASB 16 <i>Leases</i>)</li> <li>• A financial instrument (AASB 9)</li> <li>• A provision (AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)</li> </ul> <p>Council will recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.</p>
Expected impact on Council's financial statements	<p>The interaction between AASB 15 and AASB 1058 now requires Councils when they receive government grants to decide whether these grants need to be accounted for under AASB 15 or AASB 1058. To do this Council must establish whether the government grants received contain sufficiently specific and enforceable obligations.</p> <p>AASB 15 applies if the consideration is solely performance obligations under an enforceable contract and sufficiently specific to enable determination as to when the obligations are satisfied. All other government grants will be accounted for under AASB 1058, using different accounting principles, whether a grant contains enforceable and sufficiently specific obligations will be a critical judgement Council must make.</p>

Pronouncement	<b>AASB 16 Leases</b>
Nature of change in accounting policy	<p>AASB 16 will result in most of the operating leases of Council being brought onto the Statement of Financial Position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term and increase in lease payments.</p> <p>A corresponding right to use assets will be recognised which will be amortised over</p>

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Basis of preparation (continued)

	<p>the term of the lease.</p> <p>Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.</p>
Expected impact on Council's financial statements	<p>Council will review each of its leases in place, particularly where Council is the lessee to determine the impact of AASB 16.</p> <p>While the impact of AASB 16 is yet to be determined, Council currently has \$4.976M of operating leases which are likely to be brought to account. This will result in a non-current right of use asset and recognition of a lease liability which will be allocated into a current (less than 12 months) and a non-current (great than 12 months) component.</p> <p>This will result in rent expense decreasing and interest and depreciation increasing.</p> <p>Council also provides a number of Peppercorn (below market value) leases to various community groups. Council will work with these groups to assist them in accounting for the changes associated with AASB 16.</p>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	2017
Governance	1	51	1,628	3,328	(1,627)	(3,277)	–	–	77	–
Administration	33,310	38,147	38,527	24,376	(5,217)	13,771	24,077	20,170	1,482,854	1,465,991
Public Order & Safety	7,080	10,648	18,684	21,434	(11,604)	(10,786)	3,702	1,993	56,495	18,501
Health	1,286	1,775	2,471	1,956	(1,185)	(181)	–	–	–	6,484
Environment	121,769	138,097	128,475	108,818	(6,706)	29,279	5,561	4,472	1,179,588	1,066,608
Community Services & Education	7,852	10,178	11,252	16,881	(3,400)	(6,703)	698	2,402	23,365	6,498
Housing & Community Amenities	7,943	16,176	32,532	23,836	(24,589)	(7,660)	950	769	13,656	45,498
Water Supplies	97,715	113,422	81,316	93,338	16,399	20,084	1,309	2,040	1,189,966	1,175,429
Sewerage Services	97,330	118,329	89,526	92,459	7,804	25,870	1,806	6,147	1,607,157	1,574,735
Recreation & Culture	22,101	26,071	73,215	71,424	(51,114)	(45,353)	7,521	7,478	395,505	199,817
Construction	2,402	5,847	4,338	6,146	(1,936)	(299)	–	–	–	15
Transport & Communication	39,571	27,989	87,386	87,369	(47,815)	(59,380)	22,217	13,052	1,608,480	1,790,438
Economic Affairs	15,045	14,925	15,628	16,631	(583)	(1,706)	(19)	15	21,050	37,792
General Purpose Income	197,787	202,044	–	–	197,787	202,044	–	39,018	–	–
Other		–		–	–	–	(0)	–	527	–
<b>Total functions and activities</b>	<b>651,192</b>	<b>723,699</b>	<b>584,978</b>	<b>567,996</b>	<b>66,214</b>	<b>155,703</b>	<b>67,820</b>	<b>97,556</b>	<b>7,578,722</b>	<b>7,387,806</b>



## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 2(b). Council functions/activities – component descriptions

**Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:**

#### Governance

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 policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

#### Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

#### Public Order & Safety

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

#### Health

Includes immunisation, food control and surveillance; skin penetration, mortuary and legionnaire monitoring; and other health management compliance.

#### Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

#### Community Services & Education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation - as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

#### Housing & Community Amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and indigenous persons.

#### Water Supplies

Water supply provides safe and reliable water services including the collection, storage, transportation, treatment and distribution of water to standards appropriate to its use in a cost-effective and sustainable manner.

#### Sewerage Services

Sewerage services provides safe and reliable storage collection, treatment and disposal facilities for sewerage in a cost-effective and sustainable manner.

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## Central Coast Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 2(b). Council functions/activities – component descriptions (continued)

**Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:**

##### **Recreation & Culture**

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues, swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

##### **Construction**

Includes various forms of building control, compliance and inspections.

##### **Transport & Communication**

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

##### **Economic Affairs**

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development and other business undertakings.

##### **General Purpose Income**

Includes rates and annual charges, untied general purpose grants and unrestricted interest and investment income.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations

\$ '000	2018	13/5/16 to 30/6/17
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	135,337	132,139
Farmland	756	803
Mining	911	894
Business	19,158	18,572
<b>Total ordinary rates</b>	<b>156,162</b>	<b>152,408</b>
<b>Special rates</b>		
Town improvement	1,305	1,252
Parking	187	179
Tourism / business development	1,463	1,417
Emergency / beach services	–	2,577
Stormwater	–	1,748
<b>Total special rates</b>	<b>2,955</b>	<b>7,173</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	64,281	70,902
Water supply services	23,880	26,770
Sewerage services	79,234	89,684
Drainage	17,583	19,583
Waste management services (non-domestic)	4,088	4,375
Section 611 charges	96	125
Liquid trade waste	190	205
<b>Total annual charges</b>	<b>189,352</b>	<b>211,644</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>348,469</b>	<b>371,225</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

### Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific ‘actual use’ charges)		
Water supply services	63,915	70,978
Sewerage services	2,465	3,149
Waste management services (non-domestic)	39	77
Liquid trade waste	2,642	2,312
<b>Total specific user charges</b>	<b>69,061</b>	<b>76,516</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building services	2,648	5,567
Development applications	4,331	3,334
Inspection services	939	2,252
Private works – section 67	517	561
Registration fees / certificates	473	605
Rezoning fees	313	85
Section 149 certificates (EPA Act)	954	501
Section 603 certificates	779	976
Town planning	466	568
Other	394	136
<b>Total fees and charges – statutory/regulatory</b>	<b>11,814</b>	<b>14,585</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	67	–
Camping ground	744	605
Child care	6,290	7,322
Community centres	1,342	1,048
Companion animals	366	188
Engineering design fees	484	534
Health	–	1,116
Holiday parks	10,200	10,705
On site sewer management (OSSM)	431	162
Parking fees	730	691
Parks and recreation	786	503
Restoration charges	217	–
RMS (formerly RTA) charges (state roads not controlled by Council)	6,458	857
Swimming centres	5,661	4,755
Theatres	713	1,652
Tipping fees	20,794	26,091
Water connection fees	983	1,081
Facilities Hire Income	484	821
Sewerage Connection Income	604	217
Other	969	1,609
<b>Total fees and charges – other</b>	<b>58,323</b>	<b>59,957</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>139,198</b>	<b>151,058</b>

### Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Overdue rates and annual charges (incl. special purpose rates)		1,724	1,951
– Cash and investments		11,699	12,183
– Other		11	17
<b>Fair value adjustments</b>			
– Fair valuation movements in investments (at fair value or held for trading)		–	(187)
<b>Amortisation of premiums and discounts</b>			
– Interest free (and interest reduced) loans provided		2	2
<b>Other</b>		199	130
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>13,635</u></b>	<b><u>14,096</u></b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		1,724	1,951
General Council cash and investments		5,012	7,267
<b>Restricted investments/funds – external:</b>			
Development contributions			
– Section 7.11		3,618	2,205
– Section 64		1,998	1,393
Domestic waste management operations		1,283	1,280
<b>Total interest and investment revenue recognised</b>		<b><u>13,635</u></b>	<b><u>14,096</u></b>

### Accounting policy for interest and investment revenue

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

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
<b>(d) Other revenues</b>		
Fines	2,785	2,892
Legal fees recovery – other	166	610
Arts centre	323	289
Cemetery income	290	279
Diesel rebate	79	80
Insurance claim recoveries	192	237
Landfill	1,056	245
Landfill gas royalty payment	364	412
Property rents	4,989	6,167
Recreation	464	448
Sales – general	975	1,856
Section 355 Committee income	234	319
Event revenue	1,908	–
Other	2,536	2,981
<b><u>TOTAL OTHER REVENUE</u></b>	<b><u>16,361</u></b>	<b><u>16,815</u></b>

**Accounting policy for other revenue**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	to 30/6/17 Operating	2018 Capital	to 30/6/17 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	10,576	20,003	–	–
Financial assistance – local roads component	2,122	4,159	–	–
<b>Payment in advance – future year allocation</b>				
Financial assistance – general component	10,857	10,340	–	–
Financial assistance – local roads component	2,207	2,134	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	2,228	2,382	–	–
<b>Total general purpose</b>	<b>27,990</b>	<b>39,018</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	1,289	1,484	–	–
– Sewerage	1,265	1,441	–	–
– Domestic waste management	1,231	1,408	–	–
Sewerage services	–	–	–	3,864
Aged and disabled	62	383	–	–
Bushfire and emergency services	1,568	1,137	2,342	1,330
Child care	563	758	–	15
Community care	79	38	–	–
Employment and training programs	61	142	–	–
Environmental protection	1,494	1,347	260	1,172
Health services	42	28	–	–
Heritage and cultural	12	198	–	–
Library	777	890	53	188
LIRS subsidy	1,025	1,557	–	–
New council implementation fund	–	10,000	–	–
Recreational facilities	9	32	9,488	3,579
Roads and bridges	139	57	9,930	657
Street lighting	948	929	–	–
Storm damage	–	4,215	–	718
Transport (roads to recovery)	–	–	4,014	4,932
Transport (other roads and bridges funding)	1	13	138	1,500
Youth services	128	6	–	–
Security equipment (CCTV)	–	–	301	760
Somersby industrial park	–	–	2,519	3,359
Stronger communities fund	–	1,000	–	9,000
Other	92	90	–	311
<b>Total specific purpose</b>	<b>10,785</b>	<b>27,153</b>	<b>29,045</b>	<b>31,385</b>
<b>Total grants</b>	<b>38,775</b>	<b>66,171</b>	<b>29,045</b>	<b>31,385</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	774	2,707	20,838	11,737
– State funding	37,954	63,239	8,162	19,648
– Other funding	47	225	45	–
	<b>38,775</b>	<b>66,171</b>	<b>29,045</b>	<b>31,385</b>

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	to 30/6/17 Operating	2018 Capital	to 30/6/17 Capital
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	708	–
S 7.12 – fixed development consent levies		–	–	7,161	3,925
S 64 – water supply contributions		–	–	5,121	6,661
S 64 – sewerage service contributions		–	–	6,095	6,062
S 7.11 – stormwater contributions		–	–	2,999	3,155
S 7.11 – roadworks		–	–	5,619	5,518
S 7.11 – open space		–	–	7,192	8,329
S 7.11 – community facilities		–	–	3,992	3,888
Other developer contributions		–	–	496	1,859
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>39,383</b>	<b>39,397</b>
<b>Total developer contributions</b>	22	<b>–</b>	<b>–</b>	<b>39,383</b>	<b>39,397</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Bushfire services		14	536	–	–
Business development		–	–	1,500	630
Dedications – subdivisions (other than by s7.11)		–	–	–	14,901
Kerb and gutter		–	–	145	334
Other councils – long service leave contribution		21	33	–	–
Park improvements		–	447	–	319
Paving		–	–	61	189
Recreation and culture		–	–	394	–
Roadworks		16	311	7,177	18
RMS contributions (regional roads, block grant)		3,668	10,059	–	–
Sewerage (excl. section 64 contributions)		–	–	293	2,585
Vehicle contributions by employees		1,907	2,061	–	–
Water supplies (excl. section 64 contributions)		–	–	111	66
Land		–	–	1,015	–
Other		213	617	341	446
<b>Total other contributions – cash</b>		<b>5,839</b>	<b>14,064</b>	<b>11,037</b>	<b>19,488</b>
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.11)		–	–	9,450	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>9,450</b>	<b>–</b>
<b>Total other contributions</b>		<b>5,839</b>	<b>14,064</b>	<b>20,487</b>	<b>19,488</b>
<b>Total contributions</b>		<b>5,839</b>	<b>14,064</b>	<b>59,870</b>	<b>58,885</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>44,614</b>	<b>80,235</b>	<b>88,915</b>	<b>90,270</b>

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.



## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	2,879	2,899
<b>Add:</b> operating grants recognised in the current period but not yet spent	3,358	619
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(1,775)	(639)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>4,462</b>	<b>2,879</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	4,005	4,596
<b>Add:</b> capital grants recognised in the current period but not yet spent	885	399
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(282)	(990)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>4,608</b>	<b>4,005</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	137,656	98,707
<b>Add:</b> contributions recognised in the current period but not yet spent	46,348	62,899
<b>Less:</b> contributions recognised in a previous reporting period now spent	(7,100)	(23,950)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>176,904</b>	<b>137,656</b>

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations

\$ '000	2018	13/5/16 to 30/6/17
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	154,031	151,248
Employee termination costs	1,192	2,044
Travel expenses	57	1,924
Employee leave entitlements (ELE)	16,402	21,920
Superannuation	16,623	18,722
Workers' compensation insurance	2,084	4,505
Fringe benefit tax (FBT)	481	366
Payroll tax	2,608	2,028
Training costs (other than salaries and wages)	2,042	1,295
Other	1,270	1,747
<b>Total employee costs</b>	<b>196,790</b>	<b>205,799</b>
Less: capitalised costs	(10,850)	(18,725)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>	<b><u>185,940</u></b>	<b><u>187,074</u></b>

### Accounting policy for employee benefits and on-costs

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

### Retirement benefit obligations

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

### Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when 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 17 for more information.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on overdraft		–	9
Interest on loans		18,841	22,974
Other debts		141	548
<b>Total interest bearing liability costs expensed</b>		<b>18,982</b>	<b>23,531</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	12	1,681	1,604
<b>Total other borrowing costs</b>		<b>1,681</b>	<b>1,604</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>20,663</b>	<b>25,135</b>

### Accounting policy for borrowing costs

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.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
<b>(c) Materials and contracts</b>		
Raw materials and consumables	20,808	22,263
Contractor and consultancy costs	33,479	42,972
– Garbage collection	29,518	36,412
– Corporate systems	3,710	3,376
– Green waste processing	2,362	1,203
– Agency hire	7,921	8,139
– Roads	11,045	7,303
Auditors remuneration <sup>(2)</sup>	612	547
Legal expenses:		
– Legal expenses: planning and development	18	158
– Legal expenses: debt recovery	–	168
– Legal expenses: other	2,166	324
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	1,028	1,600
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>112,667</u></b>	<b><u>124,465</u></b>

### Accounting policy for operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### 1. Operating lease payments are attributable to:

Office Equipment	30	349
Computers	588	778
Motor vehicles	410	473
	<b><u>1,028</u></b>	<b><u>1,600</u></b>

## DRAFT

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(c) Materials and contracts (continued)		
<b>2. Auditor remuneration</b>		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council – NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	393	290
Other audit and assurance services	163	–
<b>Remuneration for audit and other assurance services</b>	<b>556</b>	<b>290</b>
<b>Total Auditor-General remuneration</b>	<b>556</b>	<b>290</b>
<b>Non NSW Auditor-General audit firms:</b>		
<b>(i) Audit and other assurance services</b>		
Audit of regulatory returns	3	5
<b>Remuneration for audit and other assurance services</b>	<b>3</b>	<b>5</b>
<b>(ii) Non-assurance services</b>		
Other tax services	–	5
Other services	53	247
<b>Remuneration for non-assurance services</b>	<b>53</b>	<b>252</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>56</b>	<b>257</b>
<b>Total Auditor remuneration</b>	<b>612</b>	<b>547</b>

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		8,818	7,817
Office equipment		2,257	2,105
Furniture and fittings		611	826
Land improvements (depreciable)		1,125	1,401
<b>Infrastructure:</b>			
– Buildings – non-specialised		–	53
– Buildings – specialised		7,488	8,028
– Other structures		1,118	1,252
– Roads		31,892	35,079
– Bridges		641	695
– Footpaths		2,153	2,361
– Stormwater drainage		15,230	17,531
– Water supply network		25,120	28,466
– Sewerage network		33,070	37,159
– Swimming pools		75	54
– Other open space/recreational assets		3,130	3,396
– Other infrastructure		1,237	1,296
<b>Other assets:</b>			
– Heritage collections		–	128
– Library books		864	912
– Other		100	1,501
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9 & 12	3,516	–
Intangible assets	10	935	155
<b>Total gross depreciation and amortisation costs</b>		<b>139,380</b>	<b>150,215</b>
<b>Total depreciation and amortisation costs</b>		<b>139,380</b>	<b>150,215</b>
<b>Impairment / revaluation decrement of IPP&amp;E</b>			
Operational Land		35,221	–
<b>Total IPP&amp;E impairment / revaluation decrement costs / (reversals)</b>		<b>35,221</b>	<b>–</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>		<b>174,601</b>	<b>150,215</b>

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

**Accounting policy for depreciation, amortisation and impairment expenses****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 10 for IPPE assets and Note 12 for intangible assets.

**Impairment of non-financial assets**

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

**Revaluation decrement of IPP&E**

Where the carrying value of a class of assets has been reduced as a result of a revaluation, the revaluation decrement is firstly offset against the amount in the revaluation reserve account, with the excess to be recognised in the Income Statement. Asset Revaluation Reserve balances from former Councils do not carry forward to amalgamated Councils.

**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.

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(e) Other expenses</b>			
Advertising		1,726	1,609
Bad and doubtful debts		763	731
Bank charges		1,333	1,220
Commissions		2,763	2,587
Computer software charges		8,056	2,513
Contributions/levies to other levels of government			
– Department of planning levy		–	231
– Emergency services levy		–	2,093
– NSW fire brigade levy		2,592	1,286
– NSW rural fire service levy		1,209	607
– Waste levy		27,035	30,766
– Caravan park levy		523	440
– State emergency services		530	282
– Other contributions/levies		–	44
Councillor expenses – mayoral fee		79	–
Councillor expenses – councillors' fees		310	–
Councillors' expenses (incl. mayor) – other (excluding fees above)		37	–
Donations, contributions and assistance to other organisations (Section 356)			
– The Art House		1,035	1,013
– Toukley Town Centre		220	170
– Wyong Town Centre		92	–
– Tourism Central Coast		821	150
– Surf Life Saving Clubs		193	–
– Gosford Town Centre		256	–
– Stronger communities fund		785	240
– Community grants		1,059	224
– Other contributions and donations		436	1,818
Election expenses		1,605	–
Electricity and heating		9,663	12,541
Gas charges		536	–
Insurance		2,977	3,277
Licences		395	325
Postage		1,151	641
Printing and stationery		1,410	1,515
Street lighting		5,790	5,531
Subscriptions and publications		714	686
Telephone and communications		2,254	2,369
Travel and accommodation		–	105
Planning NSW development application fees		786	402
Private works		1,046	1,082
Property rent		473	249
Purchase of bulk water		–	345
Registration fees		–	513
Tip rehabilitation provision adjustment		1,825	(4,957)
Valuer general fees		827	371
Vehicle registrations		846	377
Other		3,127	5,454
<b>TOTAL OTHER EXPENSES</b>		<b>87,278</b>	<b>78,850</b>

### Accounting policy for other expenses

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



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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		–	4,438
Less: carrying amount of property assets sold/written off		(3,541)	(2,087)
<b>Net gain/(loss) on disposal</b>		<b>(3,541)</b>	<b>2,351</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		1,763	3,131
Less: carrying amount of plant and equipment assets sold/written off		(1,176)	(2,902)
<b>Net gain/(loss) on disposal</b>		<b>587</b>	<b>229</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure assets sold/written off		–	(4,837)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(4,837)</b>
<b>Financial assets</b> <sup>(1)</sup>	6		
Proceeds from disposal/redemptions/maturities – financial assets		326,765	–
Less: carrying amount of financial assets sold/redeemed/matured		(326,765)	–
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Operational Land</b>	9		
Proceeds from disposal – Operational Land		1,340	–
Less: carrying amount of Operational Land assets sold/written off		(750)	–
<b>Net gain/(loss) on disposal</b>		<b>590</b>	<b>–</b>
<b>Stormwater Drainage</b>	9		
Less: carrying amount of Stormwater Drainage assets sold/written off		(207)	–
<b>Net gain/(loss) on disposal</b>		<b>(207)</b>	<b>–</b>
<b>Sewerage Network</b>	9		
Less: carrying amount of Sewerage Network assets sold/written off		(1,196)	–
<b>Net gain/(loss) on disposal</b>		<b>(1,196)</b>	<b>–</b>
<b>Office Equipment</b>	9		
Less: carrying amount of Office Equipment assets sold/written off		(67)	–
<b>Net gain/(loss) on disposal</b>		<b>(67)</b>	<b>–</b>
<b>Library Books</b>	9		
Proceeds from disposal – Library Books		5	–
<b>Net gain/(loss) on disposal</b>		<b>5</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(3,829)</b>	<b>(2,257)</b>

**Accounting policy for disposal of assets**

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 derecognised.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	9,451	2,222
Cash-equivalent assets		
– Deposits at call	50,051	375
<b>Total cash and cash equivalents</b>	<b>59,502</b>	<b>2,597</b>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

## Note 6(b). Investments

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
<b>Investments</b>				
a. 'Held to maturity'	138,453	278,750	326,765	82,750
<b>Total investments</b>	<b>138,453</b>	<b>278,750</b>	<b>326,765</b>	<b>82,750</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>197,955</b>	<b>278,750</b>	<b>329,362</b>	<b>82,750</b>
<b>Held to maturity investments</b>				
Long term deposits	138,453	234,000	317,765	38,000
NCD's, FRN's (with maturities > 3 months)	–	44,750	9,000	44,750
<b>Total</b>	<b>138,453</b>	<b>278,750</b>	<b>326,765</b>	<b>82,750</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(b). Investments (continued)

**Accounting policy for investments****Classification**

Council classifies its investments in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**(a) Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

**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 available for sale investments**

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
<b>Total cash, cash equivalents and investments</b>	<b>197,955</b>	<b>278,750</b>	<b>329,362</b>	<b>82,750</b>
<b>attributable to:</b>				
External restrictions (refer below)	97,961	163,036	125,169	82,750
Internal restrictions (refer below)	4,195	115,714	110,912	–
Unrestricted	95,799	0	93,281	–
	<b>197,955</b>	<b>278,750</b>	<b>329,362</b>	<b>82,750</b>

\$ '000	2018	2017
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended loans – general	–	4,426
Specific purpose unexpended loans – sewer	–	706
RMS advances	–	85

#### External restrictions – included in liabilities

#### External restrictions – other

Developer contributions – general	63,663	48,047
Developer contributions – water fund	35,916	30,620
Developer contributions – sewer fund	18,718	12,423
Developer contributions – drainage	27,705	24,019
Developer contributions – VPA - general	2,535	2,451
Developer contributions – VPA – water	2,326	2,279
Developer contributions – VPA – sewer	389	380
Specific purpose unexpended grants-Waste fund	1,137	–
Specific purpose unexpended grants	3,086	4,530
Specific purpose unexpended grants-water fund	3,612	2,355
Specific purpose unexpended grants-sewer fund	1,235	–
Domestic waste management	57,021	43,455
Stormwater management	1,158	3,636
Other External Restrictions - General	320	–
Developer Contributions - Sec94A Levy	11,754	–
Contributions to works including COSS	5,932	5,066
Contributions to works – water	–	100
Contributions to works – general	–	501
Holiday parks	8,709	6,620
Cemeteries	729	514
Other – crown land	1,215	832
Self insurance claims – general	6,320	8,020
Self insurance claims – water	611	338
Self insurance claims – sewer	1,522	285
Prepaid contributions – sewer	–	1,087
Prepaid contributions – water	–	56
	–	267
Developer contributions – bonus provisions	4,918	4,821
Other External Restrictions - Drainage	100	–
Other - Bio banking	365	–
<b>External restrictions – other</b>	<b>260,997</b>	<b>202,702</b>
<b>Total external restrictions</b>	<b>260,997</b>	<b>207,919</b>

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(c). Restricted cash, cash equivalents and investments – details (continued)

\$ '000	2018	2017
<b>Internal restrictions</b>		
Employees leave entitlement	12,074	11,227
Carbon emission reserve	1,066	1,066
Property development	15,251	15,251
Public liability insurance – general	277	261
Revolving energy	253	253
Section 355/advances/deposits	657	614
Sinking / strategy funds	–	4,068
Special rates and other restrictions	23,263	11,331
Stronger communities fund	7,183	9,669
Tip replacement/rehabilitation	27,712	20,158
Waste disposal facility	31,810	33,677
Other (drainage Licence Fee)	363	3,337
<b>Total internal restrictions</b>	<b>119,909</b>	<b>110,912</b>
<b>TOTAL RESTRICTIONS</b>	<b>380,905</b>	<b>318,831</b>

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Rates and annual charges		6,336	–	6,162	–
Interest and extra charges		2,870	–	2,746	–
User charges and fees		29,732	3,252	24,241	3,354
Contributions to works		139	–	142	–
Accrued revenues					
– Interest on investments		5,029	–	5,851	–
– Other income accruals		1,299	–	2,394	–
Government grants and subsidies		7,231	–	13,706	–
Net GST receivable		5,009	–	5,815	–
Sporting / community clubs		34	–	38	–
Australian tax office – GST clearing		462	–	389	–
Domestic waste management annual charge		3,459	–	3,199	–
Drainage annual charge		2,047	–	1,952	–
Water annual charge		3,277	–	2,616	–
Sewerage annual charge		11,417	–	9,304	–
Central Coast Stadium		99	–	83	–
Liquid trade waste		443	–	436	–
Other debtors		8,548	307	6,721	352
<b>Total</b>		<b>87,431</b>	<b>3,559</b>	<b>85,795</b>	<b>3,706</b>
<b>Less: provision for impairment</b>					
User charges and fees		(701)	–	(735)	–
Other debtors		(615)	–	(148)	–
<b>Total provision for impairment – receivables</b>		<b>(1,316)</b>	<b>–</b>	<b>(883)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>		<b>86,115</b>	<b>3,559</b>	<b>84,912</b>	<b>3,706</b>
<b>Externally restricted receivables</b>					
Water supply					
Domestic waste management		3,459	–	3,199	–
<b>Total external restrictions</b>		<b>3,459</b>	<b>–</b>	<b>3,199</b>	<b>–</b>
<b>Unrestricted receivables</b>		<b>82,656</b>	<b>3,559</b>	<b>81,713</b>	<b>3,706</b>
<b>TOTAL NET RECEIVABLES</b>		<b>86,115</b>	<b>3,559</b>	<b>84,912</b>	<b>3,706</b>
<b>Movement in provision for impairment of receivables</b>				<b>2018</b>	<b>2017</b>
Balance at the beginning of the year				883	1,413
+ new provisions recognised during the year				762	590
– amounts already provided for and written off this year				(329)	(1,120)
<b>Balance at the end of the year</b>				<b>1,316</b>	<b>883</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 7. Receivables (continued)

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**Accounting policy for receivables****Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

**Impairment**

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		1,431	–	1,417	–
<b>Total inventories at cost</b>		<b>1,431</b>	<b>–</b>	<b>1,417</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>		<b><u>1,431</u></b>	<b><u>–</u></b>	<b><u>1,417</u></b>	<b><u>–</u></b>
(b) Other assets					
Prepayments		3,607	–	2,147	–
Investment in the Art House		–	480	–	300
<b><u>TOTAL OTHER ASSETS</u></b>		<b><u>3,607</u></b>	<b><u>480</u></b>	<b><u>2,147</u></b>	<b><u>300</u></b>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

**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 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.

**Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

**Land held for resale/capitalisation of borrowing costs**

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.



## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9. Infrastructure, property, plant and equipment

Asset class  \$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	191,402	–	191,402	171,009	–	–	–	–	(113,006)	–	–	249,405	–	249,405
Plant and equipment	86,829	43,316	43,513	–	–	(1,176)	(8,818)	–	12,029	12	–	93,248	47,687	45,561
Office equipment	20,432	14,193	6,239	–	–	(67)	(2,257)	–	585	–	–	20,831	16,330	4,501
Furniture and fittings	14,874	10,548	4,326	–	–	–	(611)	–	–	–	–	14,874	11,159	3,715
<b>Land:</b>														
– Operational land	438,849	–	438,849	–	515	(750)	–	(35,221)	–	64,272	–	467,665	–	467,665
– Community land	410,510	–	410,510	–	101	–	–	–	–	(64,272)	–	346,338	–	346,338
– Land under roads (post 30/6/08)	1,004	–	1,004	–	399	–	–	–	–	–	–	1,404	–	1,404
Land improvements – depreciable	33,554	13,396	20,158	–	–	–	(1,125)	–	6	–	–	33,560	14,521	19,039
<b>Infrastructure:</b>														
– Buildings – specialised	522,921	107,302	415,619	–	–	(3,541)	(7,488)	–	1,412	(478)	59,440	783,880	318,915	464,965
– Other structures	32,670	9,652	23,018	–	–	–	(1,118)	–	38	478	–	33,312	10,896	22,416
– Roads	1,861,852	554,376	1,307,476	–	5,781	–	(31,892)	–	45,272	–	–	1,912,805	586,167	1,326,638
– Bridges	54,294	18,161	36,133	–	–	–	(641)	–	72	–	–	54,366	18,802	35,564
– Footpaths	107,058	23,032	84,026	–	1,396	–	(2,153)	–	1,957	–	–	110,412	25,185	85,227
– Bulk earthworks (non-depreciable)	366,338	–	366,338	–	–	–	–	–	574	320	–	367,233	–	367,233
– Stormwater drainage	1,447,079	438,298	1,008,781	–	4,567	(207)	(15,230)	–	13,514	–	–	1,464,883	453,458	1,011,425
– Water supply network	1,747,559	713,469	1,034,090	–	1,745	–	(25,120)	–	524	–	21,276	1,786,097	753,582	1,032,515
– Sewerage network	2,193,649	803,730	1,389,919	–	3,138	(1,196)	(33,070)	–	19,571	–	25,273	2,252,235	848,600	1,403,635
– Swimming pools	7,654	4,761	2,893	–	–	–	(75)	–	30	–	–	7,684	4,836	2,848
– Other open space/recreational assets	92,721	33,734	58,987	–	–	–	(3,130)	–	5,156	–	–	97,877	36,864	61,013
– Other infrastructure	40,187	15,980	24,207	–	–	–	(1,237)	–	1,415	–	–	41,602	17,216	24,386
<b>Other assets:</b>														
– Heritage collections	1,765	834	931	–	–	–	–	–	–	(931)	–	–	–	–
– Library books	15,848	14,385	1,463	–	–	–	(864)	–	1,224	–	–	16,819	14,995	1,824
– Other	38	3	35	–	–	–	(100)	–	–	931	–	1,803	937	866
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>														
– Tip assets	24,177	12,585	11,592	–	–	–	(3,516)	–	–	(320)	10,488	34,345	16,101	18,244
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>9,713,264</b>	<b>2,831,755</b>	<b>6,881,509</b>	<b>171,009</b>	<b>17,643</b>	<b>(6,937)</b>	<b>(138,445)</b>	<b>(35,221)</b>	<b>(9,627)</b>	<b>12</b>	<b>116,477</b>	<b>10,192,678</b>	<b>3,196,251</b>	<b>6,996,427</b>

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

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9. Infrastructure, property, plant and equipment (continued)

**Accounting policy for infrastructure, property, plant and equipment**

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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 Crown Lands and Water (CLAW).

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

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

Land, land under roads, bulk earthworks, detention basins and wetlands (part of the Stormwater Drainage asset class) are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Bridges</b>	<b>Years</b>
Office equipment	2 to 10	Footbridges	30 to 100
Office furniture	3 to 35	Road bridges	10 to 100
Vehicles	2 to 10		
Heavy equipment	5 to 50	<b>Buildings</b>	
Other plant and equipment	2 to 40	Non-specialised	25 to 63
		Specialised	8 to 150
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Water supply network	4 to 333	Drainage	5 to 500
Sewerage network	4 to 238		
<b>Roads</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	8 to 95	Depreciable land improvements	5 to 100
Base and sub-base	5 to 180	Other structures	5 to 100
Car parks	15 to 180	Open space / recreational assets	4 to 100
Other road related assets; including bus shelters, guard rails, kerb and gutters, pedestrian refuge, speed humps, roundabouts and street lighting	3 to 116	Tip assets	4 to 20
		Swimming pools	10 to 100
		Footpaths	15 to 100
		<b>Other assets</b>	
		Heritage collections	5 to 500
		Library books	4 to 8
		Other assets (nec)	5 to 50

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9. Infrastructure, property, plant and equipment (continued)

**Accounting policy for infrastructure, property, plant and equipment**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

**Land under roads**

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

**Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also 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 fire fighting 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 fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 10. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value	10,851	10,858
Accumulated amortisation	(9,148)	(8,993)
<b>Net book value – opening balance</b>	<b>1,703</b>	<b>1,865</b>
<b>Movements for the year</b>		
– Development costs	9,630	–
– Amortisation charges	(935)	(155)
– Gross book value written off	–	(9,155)
– Accumulated amortisation charges written off	–	9,148
<b>Closing values:</b>		
Gross book value (30/6)	20,481	10,851
Accumulated amortisation (30/6)	(10,083)	(9,148)
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>10,398</u></b>	<b><u>1,703</u></b>

<sup>1</sup> The net book value of intangible assets represent:

– Software	8,695	–
– Drainage easements	1,703	1,703
	<b>10,398</b>	<b>1,703</b>

### Accounting policy for intangible assets

#### Drainage easements

Consistent with NSW Treasury policy, easements (the right of access over land) are recognised as intangible assets.

Easements are determined to have indefinite lives, as there is no finite period over which their use is fully consumed. They convey a right to the Council to enable it to gain access to its infrastructure assets over an indefinite period of time. Unlike the infrastructure assets themselves, which are consumed over a finite period and undergo replacement to enable continuity of service, an easement can exist continuously throughout this period and beyond, and thus may never need to be released. Easements are only derecognised when a management decision has been made to relocate the relevant infrastructure asset and the need for the easement no longer exists.

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

#### 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 services, direct payroll and payroll-related costs of employee's time spent on the project. Amortisation is calculated on a straight line basis.

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	27,094	–	11,238	–
Accrued expenses:				
– Borrowings	1,530	–	1,666	–
– Salaries and wages	5,296	–	3,478	–
– Other expenditure accruals	32,781	–	25,602	–
Security bonds, deposits and retentions	9,904	–	8,616	–
Developer bonds	2,114	–	1,838	–
Overpayments	6,433	–	5,714	–
Other	1,164	–	1,289	–
<b>Total payables</b>	<b>86,316</b>	<b>–</b>	<b>59,441</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	6,680	10,189	7,050	9,421
<b>Total income received in advance</b>	<b>6,680</b>	<b>10,189</b>	<b>7,050</b>	<b>9,421</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	32,994	231,867	23,976	264,861
<b>Total borrowings</b>	<b>32,994</b>	<b>231,867</b>	<b>23,976</b>	<b>264,861</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>125,990</b>	<b>242,056</b>	<b>90,467</b>	<b>274,282</b>

## (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Domestic waste management	6,753	–	2,079	–
Developer contributions in advance General	–	6,761	–	6,680
Developer contributions in advance Water	–	1,746	56	1,668
Developer contributions in advance Sewer	–	653	1,087	–
<b>Payables and borrowings relating to externally restricted assets</b>	<b>6,753</b>	<b>9,161</b>	<b>3,222</b>	<b>8,348</b>
<b>Internally restricted assets</b>				
Insurance General Fund	231	–	248	–
<b>Payables and borrowings relating to internally restricted assets</b>	<b>231</b>	<b>–</b>	<b>248</b>	<b>–</b>
<b>Total payables and borrowings relating to restricted assets</b>	<b>6,984</b>	<b>9,161</b>	<b>3,470</b>	<b>8,348</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>119,006</b>	<b>232,895</b>	<b>86,997</b>	<b>265,934</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>125,990</b>	<b>242,056</b>	<b>90,467</b>	<b>274,282</b>

<sup>1</sup>. 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 18.

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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### (b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	8,548	5,503
	<b>8,548</b>	<b>5,503</b>

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

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	288,837	(23,976)	–	–	–	264,861
<b>TOTAL</b>	<b>288,837</b>	<b>(23,976)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>264,861</b>

\$ '000	2018	2017
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### (d) Financing arrangements

#### (i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities <sup>(1)</sup>	1,800	1,800
Credit cards/purchase cards	1,250	1,250
Master lease facilities	2,000	2,000
Standby credit facilities	5,000	5,000
<b>Total financing arrangements</b>	<b>10,050</b>	<b>10,050</b>

#### Drawn facilities as at balance date:

– Credit cards/purchase cards	94	88
– Lease facilities	432	854
<b>Total drawn financing arrangements</b>	<b>526</b>	<b>942</b>

#### Undrawn facilities as at balance date:

– Bank overdraft facilities	1,800	1,800
– Credit cards/purchase cards	1,156	1,162
– Lease facilities	1,568	1,146
– Standby credit facilities	5,000	5,000
<b>Total undrawn financing arrangements</b>	<b>9,524</b>	<b>9,108</b>

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

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

**Accounting policy for payables and borrowings****Payables**

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

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest 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. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Finance leases**

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	14,612	—	13,419	—
Sick leave	11,750	—	11,664	—
Long service leave	31,643	—	28,880	550
Other leave	1,027	—	314	—
<b>Sub-total – aggregate employee benefits</b>	<b>59,032</b>	<b>—</b>	<b>54,277</b>	<b>550</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	6,554	58,829	4,279	58,963
<b>Sub-total – asset remediation/restoration</b>	<b>6,554</b>	<b>58,829</b>	<b>4,279</b>	<b>58,963</b>
<b>Other provisions:</b>				
Self insurance – workers compensation	2,110	5,989	1,904	6,549
Self insurance – public liability	199	—	483	—
Self insurance – other	79	—	166	—
Payroll tax	595	—	480	2
Other	607	—	1,413	—
<b>Sub-total – other provisions</b>	<b>3,590</b>	<b>5,989</b>	<b>4,446</b>	<b>6,551</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>69,176</u></b>	<b><u>64,818</u></b>	<b><u>63,002</u></b>	<b><u>66,064</u></b>
<b>(a) Provisions relating to restricted assets</b>				
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	5,226	528	—	—
Sewer	5,728	965	—	—
Self insurance	1,904	6,549	3,628	5,015
<b>Provisions relating to externally restricted assets</b>	<b>12,858</b>	<b>8,042</b>	<b>3,628</b>	<b>5,015</b>
<b>Total provisions relating to restricted assets</b>	<b>12,858</b>	<b>8,042</b>	<b>3,628</b>	<b>5,015</b>
<b>Total provisions relating to unrestricted assets</b>	<b>56,318</b>	<b>56,776</b>	<b>59,374</b>	<b>61,049</b>
<b>TOTAL PROVISIONS</b>	<b>69,176</b>	<b>64,818</b>	<b>63,002</b>	<b>66,064</b>
<b>(b) Current provisions not anticipated to be settled within the next twelve months</b>				
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.				
Provisions – employees benefits			37,154	34,305
			<b>37,154</b>	<b>34,305</b>



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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Provisions (continued)

\$ '000

### (c) Description of and movements in provisions

2018	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
At beginning of year	13,419	11,664	29,430	314	54,827
Other	1,193	86	2,213	713	4,205
<b>Total ELE provisions at end of year</b>	<b>14,612</b>	<b>11,750</b>	<b>31,643</b>	<b>1,027</b>	<b>59,032</b>
<b>2017</b>					
At beginning of year	12,925	12,053	29,571	245	54,794
Additional provisions	9,245	4,579	4,332	2,041	20,197
Amounts used (payments)	(8,751)	(4,968)	(4,473)	(1,972)	(20,164)
<b>Total ELE provisions at end of year</b>	<b>13,419</b>	<b>11,664</b>	<b>29,430</b>	<b>314</b>	<b>54,827</b>

2018	Other provisions			Total
	Other	Self-insurance	Asset remediation	
At beginning of year	1,895	9,102	63,242	74,239
<b>Changes to provision:</b>				
– Revised costs	–	–	591	591
– Revised discount rate	–	–	(273)	(273)
Additional provisions	113	1,944	1,506	3,563
Amounts used (payments)	(806)	(2,669)	(1,364)	(4,839)
Unwinding of discount	–	–	1,681	1,681
<b>Total other provisions at end of year</b>	<b>1,202</b>	<b>8,377</b>	<b>65,383</b>	<b>74,962</b>
<b>2017</b>				
At beginning of year	4,267	7,977	56,584	68,828
<b>Changes to provision:</b>				
– Revised costs	–	–	(3,240)	(3,240)
– Revised discount rate	–	–	(1,717)	(1,717)
Additional provisions	(1,213)	4,120	10,535	13,442
Amounts used (payments)	(1,159)	(2,995)	(524)	(4,678)
Unwinding of discount	–	–	1,604	1,604
<b>Total other provisions at end of year</b>	<b>1,895</b>	<b>9,102</b>	<b>63,242</b>	<b>74,239</b>

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Provisions (continued)

**Nature and purpose of non-employee benefit provisions****Asset remediation**

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

**Self-insurance**

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

**Accounting policy for provisions**

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

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

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

**Employee benefits****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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Provisions (continued)

**Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries****Restoration**

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 costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

**Rehabilitation**

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

**Self-insurance**

Council has decided to self-insure for various risks, including public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note 6(c).

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

## Nature and purpose of reserves

## Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

## Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	59,502	2,597
Balance as per the Statement of Cash Flows		59,502	2,597
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
Net operating result from Income Statement		66,214	155,703
Adjust for non-cash items:			
Depreciation and amortisation		139,380	150,215
Net losses/(gains) on disposal of assets		3,829	2,257
Non-cash capital grants and contributions		(9,450)	(19,108)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		–	187
– Revaluation decrements / impairments of IPP&E direct to P&L		35,221	–
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council		(2)	(2)
Unwinding of discount rates on reinstatement provisions		1,408	(113)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,489)	44,004
Increase/(decrease) in provision for doubtful debts		433	(530)
Decrease/(increase) in inventories		(14)	150
Decrease/(increase) in other assets		(1,640)	(1,754)
Increase/(decrease) in payables		15,856	(2,625)
Increase/(decrease) in accrued interest payable		(136)	(2,750)
Increase/(decrease) in other accrued expenses payable		8,997	2,129
Increase/(decrease) in other liabilities		2,556	(12,674)
Increase/(decrease) in employee leave entitlements		4,205	33
Increase/(decrease) in other provisions		(685)	5,524
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		264,683	320,646
<b>(c) Non-cash investing and financing activities</b>			
Developer contributions 'in kind'		–	4,207
Other dedications		9,450	14,901
Total non-cash investing and financing activities		9,450	19,108

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 15. Interests in other entities (continued)

\$ '000

## (a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy note below.

Name of operation/entity	Principal activity
The Art House, Wyong Shire Performing Arts and Conference Centre Limited	Operations undertaken - Performing Arts Place of business - 19-21 Margaret St, Wyong

Interests in Subsidiary	Ownership		Voting rights	
	2018	2017	2018	2017
Council's interest in Subsidiary	100%	100%	100%	100%

## Reporting dates of Subsidiary

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

## Summarised financial information for the Subsidiary

Summarised statement of comprehensive income	2018	13/5/16 to 30/6/17
Revenue	2,113	1,964
Expenses	(1,933)	(1,664)
<b>Profit for the period</b>	<b>180</b>	<b>300</b>

## Summarised statement of financial position

Current assets	776	507
Non-current assets	217	27
<b>Total assets</b>	<b>993</b>	<b>534</b>
Current liabilities	513	234
<b>Total liabilities</b>	<b>513</b>	<b>234</b>
<b>Net assets</b>	<b>480</b>	<b>300</b>

## Summarised statement of cash flows

Cash flows from operating activities	312	392
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>312</b>	<b>392</b>

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 15. Interests in other entities (continued)

**Accounting policy for subsidiaries**

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

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

**(b) Unconsolidated structured entities**

Council did not consolidate the following structured entities:

**Greater Toukley Vision Incorporated**  
**Wyang Regional Chamber of Commerce Incorporated**  
**Gosford Central Business District Improvement Incorporated**

Council raises special rates and provides funding to these entities so that they can market and promote economic development in the specific suburb area where the special rates have been levied. Specific details on each entity and Council's involvement are:

**Greater Toukley Vision (GTV)**

GTV is reliant upon funding from Council. The Board are responsible for controlling and managing the affairs of the Corporation. The arrangement is defined in a funding agreement established in 2013 which has been extended to 31 March 2019.

**Wyang Regional Chamber of Commerce (WRCC)**

WRCC is an entity in its own right in alliance with the NSW Central Coast Business Chamber and does not rely upon funding from Council. The Board are responsible for controlling and managing the affairs of the Corporation. Council's arrangement with WRCC is defined in a funding agreement established in 2013 which has been extended to 31 March 2019.

**Gosford Central Business District Improvement (GBID)**

In 2008 GBID, an independent not for profit organisation was established after extensive consultation with the business community. GBID is currently managed by a voluntary Board consisting of local business owners and community members. The Gosford town centre is currently managed by GBID on behalf of Council by way of a funding agreement which expires on 31 March 2019.

**Nature of risks relating to the Unconsolidated Structured Entity**

The carrying amount of assets and liabilities is Nil.

**Maximum exposure to loss from Council's interest in the Structured Entity**

Council is not exposed to loss as a result of the above arrangements.

**Non-contractual financial support provided**

Council does not provide non-contractual financial support for the above entities.

**Current intention to provide financial support**

Council will continue to provide financial support (in return for the delivery of specific functions) under the terms of the existing funding agreements.

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	–	488
Plant and equipment	349	2,987
Land and buildings	3,459	224
Infrastructure - including roads, water and sewerage network, open space	16,810	22,092
Technology	5,582	4,640
Tip assets	2,635	573
Stormwater Management	5,312	654
Other	–	1,176
<b>Total commitments</b>	<b>34,147</b>	<b>32,834</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	34,147	32,834
<b>Total payable</b>	<b>34,147</b>	<b>32,834</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	29,455	31,857
Future grants and contributions	2,057	57
Sect 64 and Sect 7.11 and 7.12 funds/reserves	–	280
Externally restricted reserves	2,635	521
Internally restricted reserves	–	119
<b>Total sources of funding</b>	<b>34,147</b>	<b>32,834</b>

### Details of capital commitments

Major projects include:

- Assets generated through Information Management and Technology workstreams \$5.4 million
- Construction of Tuggerah Lake Rd Reconstruction and Drainage upgrade \$4.1 million
- Regionwide Water Main renewals Stage 1 \$1.5 million
- Avoca Beach Seawall renewal works \$1.0 million
- Road reconstruction projects \$0.9 million
- Central Coast Stadium upgrades \$0.8 million
- Commencement of the Regional Library development \$0.4 million
- Koolewong boat ramp upgrade \$0.3 million
- San Remo BMX facility amenities upgrade \$0.2 million

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16. Commitments for expenditure (continued)

\$ '000	2018	2017
<b>(b) Operating lease commitments (non-cancellable)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year	920	751
Later than one year and not later than 5 years	1,455	1,261
Later than 5 years	2,601	1,451
<b>Total non-cancellable operating lease commitments</b>	<b>4,976</b>	<b>3,463</b>

### b. Non-cancellable operating leases include the following assets:

Computer equipment - Desktop, monitor and laptop operating leases with Equigroup. A number of contracts exist and all are due to mature within the next five years.

Printers - Council maintains operating leases for multifunction devices with Viatek.

Northlakes Childcare Centre premises - Expiry date of the operating lease is 31 December 2051.

Azzuro Blu Wharf - Expiry date of the operating lease is 31 December 2033.



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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 17. Contingencies and other assets/liabilities not recognised

**Liabilities not recognised****1. Defined benefit superannuation**

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*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all councils.

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the period ended 30 June 2018 was \$3,473,976. The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA of Mercer Consulting (Australia) on 12 December 2017, relating to the period ended 30 June 2017.

However, the position is monitored annually and the actuary has estimated that, as at 30 June 2018, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit. The additional lump sum contribution for each Pooled Employer is a share of the additional contributions of \$40.0 million per annum from 1 July 2017 to 30 June 2021. The amount of additional contributions apportioned to Central Coast Council and included in the total employer contribution advised above is \$5,400,000. Council's expected contribution to the plan for the next annual reporting period is \$3,680,391.

Council's share of any 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.

**2. Developer contributions**

Council has significant obligations to provide section 7.11 infrastructure across the local government area, and levies fees accordingly.

It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference. These future expenses do not yet qualify as liabilities as at the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans (refer note 22).

**3. Contaminated lands**

Council is required by law to remediate its contaminated sites. The projected costs associated with this remediation are provided for within the financial statements at Note 12 and are based on certain estimates and assumptions.

Prior to remediation works being carried out, monitoring works are required to manage site risks while post remediation there is a period of validation to ensure that the remediation has been successful. These costs are included within the projections provided for within the financial statements at Note 12. Post remediation and validation, Council will continue to monitor the site for at least an additional 10 years. This monitoring will vary between each site and cannot be reliably estimate at this time however may approximate \$890,000. This estimate is based on the former landfill sites actual monitoring costs for 2017/18 of \$89,000 multiplied by 10 years.

**4. Waste Remediation**

Council commenced environmental audits of seven retired landfill sites in 2017-18 to test the adequacy of past remediation of those sites and to identify any potential liabilities. The audit is being undertaken as a conservative and precautionary step and includes a surface and subsurface environmental monitoring program which is scheduled to be completed in 2018-19.

The estimated cost of the environmental audit across all seven sites is \$500,000 and this has been fully provided for within the financial statements at Note 12. It has been identified during the audit that remediation works of approximately \$1,020,000 are required to be undertaken at Hylton Moore Oval and these costs are provided for within the financial statements at Note 12. At this stage there is no reliable way to estimate the cost of any remediation activities that maybe required at the other six sites.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17. Contingencies and other assets/liabilities not recognised(continued)

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**Assets not recognised****1. Land under roads**

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

**2. Infringement notices/fines**

Fines and penalty income, the result of the Council issuing infringement notices is followed up and collected by the infringement processing bureau.

Council's revenue recognition policy treats revenue on receipt and allows for recognition of a portion of the outstanding notices at year end. This is due to the limited information available to Council on the status and uncertainty of these notices.

Accordingly, at year end, there is a potential asset due to Council representing a portion of the unpaid infringement notices. At 30 June 2018 this value is estimated at \$1,090,504.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management

\$ '000

## Risk management

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

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

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

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

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.

	Carrying value		Fair value	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	59,502	2,597	59,502	2,597
Investments				
– 'Held to maturity'	417,203	409,515	417,203	409,515
Receivables	89,674	88,618	89,674	88,618
<b>Total financial assets</b>	<b>566,379</b>	<b>500,730</b>	<b>566,379</b>	<b>500,730</b>
<b>Financial liabilities</b>				
Payables	86,316	59,441	86,316	59,441
Loans/advances	264,861	288,837	325,775	366,991
<b>Total financial liabilities</b>	<b>351,177</b>	<b>348,278</b>	<b>412,091</b>	<b>426,432</b>

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 **held-to-maturity** investments – are based upon estimated future cash flows discounted by the current mkt 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) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management (continued)

\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2018</b>				
Possible impact of a 10% movement in market values	47,671	47,671	(47,671)	(47,671)
Possible impact of a 1% movement in interest rates	4,767	4,767	(4,767)	(4,767)
<b>13/5/16 to 30/6/17</b>				
Possible impact of a 10% movement in market values	41,211	41,211	(41,211)	(41,211)
Possible impact of a 1% movement in interest rates	4,121	4,121	(4,121)	(4,121)

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management (continued)

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\$ '000

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### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

A profile of Council's receivables credit risk at balance date follows:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	84%	0%	85%
Overdue	100%	16%	100%	15%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### (ii) Ageing of receivables – value

	2018	2017
<b>Rates and annual charges</b>		
< 1 year overdue	13,265	20,467
1 – 2 years overdue	10,011	2,037
2 – 5 years overdue	4,593	2,037
> 5 years overdue	1,537	1,438
	<b>29,406</b>	<b>25,979</b>
<b>Other receivables</b>		
Current	51,710	54,290
0 – 30 days overdue	1,147	1,201
31 – 60 days overdue	1,853	2,779
61 – 90 days overdue	1,010	1,142
> 91 days overdue	5,864	4,110
	<b>61,584</b>	<b>63,522</b>

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## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management (continued)

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\$ '000

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### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 – 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2018</b>							
Trade/other payables		9,904	76,412	-	-	86,316	86,316
Loans and advances	6.51%	-	50,470	176,938	147,649	375,057	264,861
<b>Total financial liabilities</b>		<b>9,904</b>	<b>126,882</b>	<b>176,938</b>	<b>147,649</b>	<b>461,373</b>	<b>351,177</b>
<b>2017</b>							
Trade/other payables		8,616	50,825	-	-	59,441	59,441
Loans and advances	6.49%	-	43,084	203,713	171,345	418,142	288,837
<b>Total financial liabilities</b>		<b>8,616</b>	<b>93,909</b>	<b>203,713</b>	<b>171,345</b>	<b>477,583</b>	<b>348,278</b>

## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Material budget variations

\$ '000

Council's original financial budget for 17-18 was adopted by Council on 28 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

**Note that for variations\* of budget to actual :**

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
<b>REVENUES</b>				
Rates and annual charges	344,011	348,469	4,458	1% <b>F</b>
User charges and fees	131,883	139,198	7,315	6% <b>F</b>
Interest and investment revenue	10,156	13,635	3,479	34% <b>F</b>
Income received from Interest on Investments during 2017-18 was greater than the original budget estimate due to the portfolio balance being higher throughout the year than originally anticipated.				
Other revenues	13,409	16,361	2,952	22% <b>F</b>
The favourable Other Revenue variance is attributable to minor favourable budget variations from stadium events, fines, sale of scrap metals and road restorations during 2017-18.				
Operating grants and contributions	43,456	44,614	1,158	3% <b>F</b>
Capital grants and contributions	28,150	88,915	60,765	216% <b>F</b>
The favourable income variance is due to \$26.9 million capital grant income not included in the original 2017-18 budget as Council had not received approval of all grant funded projects when the original budget was adopted. In addition income from Developer Contributions, levied under s. 64 of the Local Government Act 1993, ss. 7.11 and 7.12 of the Environment Planning and Assessment Act 1979 (formerly ss. 94 and 94A) was \$14.2 million over original budget estimates. Developer contributions are often difficult to predict as they are driven by external development.				
Net gains from disposal of assets	10,000	–	(10,000)	(100%) <b>U</b>
Income from Gain on Sale was not realised due to the timing of land sales identified for 2017-18.				

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	182,009	185,940	(3,931)	(2%) U
Borrowing costs	20,222	20,663	(441)	(2%) U
Materials and contracts	123,615	112,667	10,948	9% F
Depreciation and amortisation	125,753	139,380	(13,627)	(11%) U
Unfavourable variance in depreciation is due to the recognition of additional "Make Good" tip assets with a depreciation impact of \$2.3 million and a review of useful lives across a number of asset classes including Office Equipment \$1.6 million and Plant and Equipment \$2.9 million.				
Other expenses	99,377	87,278	12,099	12% F
Other expenses were underspent in 2017-18 in several expenditure types. The largest variations to original budget include \$4.1 million in EPA Waste Levy due to the tonnages received at Council's Waste Management Facilities, variation in insurance costs \$3.8 million, \$3.1 million software expenses reallocated to capital projects, \$1.0 million donations and sponsorships and \$0.7 million electricity costs.				
Net losses from disposal of assets	–	3,829	(3,829)	0% U
The net losses on disposal of assets is largely attributable to retiring buildings that have been demolished				
Revaluation decrement / impairment of IPP&E	–	35,221	(35,221)	0% U
The unfavourable variance of \$35.2 million in revaluation decrement is attributable to the revaluation of Operational Land. Revaluation decrements are offset against the Asset Revaluation Reserve in the first instance, with the balance recognised in the Income Statement. This is the first revaluation of Operational Land since amalgamation, therefore there is no Asset Revaluation Reserve for this asset class.				
<b>Budget variations relating to Council's Cash Flow Statement include:</b>				
Cash flows from operating activities	165,046	264,683	99,637	60.4% F
The favourable cash flow variance is due to capital grant income not included in the original 2017-18 budget as Council had not received approval of all grant funded projects when the original budget was adopted. And an underspend in Materials and Contracts and Other Expenses.				
Cash flows from investing activities	(139,206)	(183,802)	(44,596)	32.0% U
The additional \$109m generated from operational activities has been invested in term deposits, in accordance with Council's Investment Policy, to maximise interest income until the funds are needed to complete the capital works associated with the grants and contributions income received. As a result an additional \$54m was invested in term deposits above budget with the remaining operational surplus funds being held in cash and cash equivalents at year end.				
Cash flows from financing activities	(25,837)	(23,976)	1,861	(7.2%) F



## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

**(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:**

		Fair value measurement hierarchy			
2018		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	12/05/16	—	—	45,561	45,561
Office equipment	12/05/16	—	—	4,501	4,501
Furniture and fittings	12/05/16	—	—	3,715	3,715
Operational land	30/06/18	—	467,665	—	467,665
Community land	12/05/16	—	—	346,338	346,338
Land under Roads	12/05/16	—	—	1,404	1,404
Tip assets	12/05/16	—	—	18,244	18,244
Land improvements - depreciable	12/05/16	—	—	19,039	19,039
Buildings - specialised	30/06/18	—	—	464,965	464,965
Other structures	12/05/16	—	—	22,416	22,416
Roads	12/05/16	—	—	1,326,638	1,326,638
Bridges	12/05/16	—	—	35,564	35,564
Footpaths	12/05/16	—	—	85,227	85,227
Bulk earthworks - non depreciable	12/05/16	—	—	367,233	367,233
Stormwater drainage	12/05/16	—	—	1,011,425	1,011,425
Water supply network	12/05/16	—	—	1,032,515	1,032,515
Sewerage network	12/05/16	—	—	1,403,635	1,403,635
Swimming pools	12/05/16	—	—	2,848	2,848
Other open space/recreational assets	12/05/16	—	—	61,013	61,013
Other infrastructure	12/05/16	—	—	24,386	24,386
Library books	12/05/16	—	—	1,824	1,824
Other	12/05/16	—	—	866	866
Total infrastructure, property, plant and equipment		—	467,665	6,279,357	6,747,022

## DRAFT

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

		Fair value measurement hierarchy			
2017		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	12/05/16	—	—	43,513	43,513
Office equipment	12/05/16	—	—	6,239	6,239
Furniture and fittings	12/05/16	—	—	4,326	4,326
Operational land	30/06/18	—	438,849	—	438,849
Community land	12/05/16	—	—	410,510	410,510
Land under Roads	12/05/16	—	—	1,004	1,004
Tip assets	12/05/16	—	—	11,592	11,592
Land improvements - depreciable	12/05/16	—	—	20,158	20,158
Buildings - specialised	30/06/18	—	—	415,619	415,619
Other structures	12/05/16	—	—	23,018	23,018
Roads	12/05/16	—	—	1,307,476	1,307,476
Bridges	12/05/16	—	—	36,133	36,133
Footpaths	12/05/16	—	—	84,026	84,026
Bulk earthworks - non depreciable	12/05/16	—	—	366,338	366,338
Stormwater drainage	12/05/16	—	—	1,008,781	1,008,781
Water supply network	12/05/16	—	—	1,034,090	1,034,090
Sewerage network	12/05/16	—	—	1,389,919	1,389,919
Swimming pools	12/05/16	—	—	2,893	2,893
Other open space/recreational assets	12/05/16	—	—	58,987	58,987
Other infrastructure	12/05/16	—	—	24,207	24,207
Heritage collections	12/05/16	—	—	931	931
Library books	12/05/16	—	—	1,463	1,463
Other	12/05/16	—	—	35	35
Total infrastructure, property, plant and equipment		—	438,849	6,251,258	6,690,107

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

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

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Fair value measurement (continued)

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#### (3) Valuation techniques used to derive Level 3 fair values

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

The fair valuation techniques Council has employed while utilising Level 3 inputs have been based on the valuation techniques employed by the former Councils.

#### Infrastructure, property, plant and equipment

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

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

These asset categories include:

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

The unobservable level 3 inputs used include:

- pattern of consumption
- useful life
- residual value.

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

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

#### Operational land

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

Council engaged Scott Fullarton Valuation Pty Ltd to value operational land in 2018. Council's operational land was valued at market value (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. Asset condition is also considered when determining the fair value.

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.

## Central Coast Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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##### **Community land**

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

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

This asset class is valued using unimproved land values provided by the Valuer General which is not considered to be an observable input based on market evidence and therefore contains Level 3 unobservable inputs.

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

##### **Land under roads**

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

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

Council's accounting policy is to value land under roads using the Englobo method, (which is a discounted method). This asset class is classified as Level 3 as significant inputs used in the Englobo methodology are unobservable.

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

##### **Land improvements**

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

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

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

##### **Buildings – non specialised and specialised**

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

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

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

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

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

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

**Other structures**

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

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

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

**Roads**

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

The gross replacement cost for each asset will be calculated based on a Modern Engineering Equivalent Replacement Asset (MEERA) approach. The replacement cost, useful lives and asset conditions will be determined by extracting technical information contained in Council's asset management system.

Unit rates will be determined based on data available including the cost to construct similar assets from recent Council projects and Industry Unit rates. Some of the other significant inputs are remaining useful life, pattern of consumption, dimensions and road classification.

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

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

**Bridges**

This asset class is comprised of road and foot bridges.

Bridges are inspected and valued using the cost approach. The significant inputs used in valuing bridges included useful life, pattern of consumption and asset condition.

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

Unit rates will be determined based on internal data available.

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.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

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

**Footpaths**

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

The assets in this class will be valued using a cost approach and replacement costs (unit rates) and useful lives will be determined using technical knowledge and experience of Council's staff. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition.

The assets in this class are assessed by physical inspection. Condition information is updated as changes are observed through regular inspections.

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

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

**Bulk earthworks (non-depreciable)**

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

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

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

**Stormwater drainage**

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

The valuation of this asset class uses the cost assets approach. Replacement cost is assessed using the MEERA approach.

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

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

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

**Water supply network**

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

The gross replacement cost approach will be utilised to value the water supply network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would result in recognising an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 *Property, Plant and Equipment*.

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

Based on the technical nature of the assets, Council will engage technical experts as required.

Unobservable Level 3 inputs used include materials used in the construction of the asset, useful life, asset condition, unit rates and pattern of consumption.

Asset values have been indexed using the annual indexation rate from the Rates Reference Manual issued by the Crown Lands and Water (CLAW) to reflect changes the gross replacement cost of these infrastructure assets.

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

**Sewerage network**

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

The gross replacement cost approach will be utilised to value the sewerage network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 *Property, Plant and Equipment*.

Unobservable Level 3 inputs include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption.

Asset values have been indexed using the annual indexation rate from the Rates Reference Manual issued by the Crown Lands and Water (CLAW) to reflect changes the gross replacement cost of these infrastructure assets.

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

**Swimming pools**

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

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

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

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

**Other open space/recreational assets**

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

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

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

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## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Fair value measurement (continued)

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

**Library books**

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

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

**Other assets**

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

During the year Council transferred assets from the Heritage Collection which comprised of artwork and sculptures which are recognised at cost and valued every 5 years to Other Assets.

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

**Tip asset**

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



## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

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\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and Equipment	Office Equipment	Furniture and Fittings	Operational Land	Total
Balance on transfer from former Councils	39,797	2,496	4,060	431,696	478,049
Transfers from/(to) another asset class	13,278	5,714	653	3,483	23,128
Purchases (GBV)	–	–	–	118	118
Disposals (WDV)	(2,902)	–	–	(1,262)	(4,164)
Depreciation and impairment	(7,817)	(2,105)	(826)	–	(10,748)
Amalgamation Transfers	1,157	134	439	4,814	6,544
<b>Closing balance – 30/6/17</b>	<b>43,513</b>	<b>6,239</b>	<b>4,326</b>	<b>438,849</b>	<b>492,927</b>

Transfers from/(to) another asset class	–	–	–	64,272	64,272
Purchases (GBV)	12,041	585	–	515	13,141
Disposals (WDV)	(1,176)	(67)	–	(750)	(1,993)
Depreciation and impairment	(8,818)	(2,257)	(611)	–	(11,686)
<b>Closing balance – 30/6/18</b>	<b>45,560</b>	<b>4,500</b>	<b>3,715</b>	<b>502,886</b>	<b>556,661</b>

	Community Land	Land under Roads	Tip Assets	Quarry Assets	Total
Balance on transfer from former Councils	410,916	1,004	12,803	1,564	426,287
Purchases (GBV)	64	–	–	–	64
Disposals (WDV)	(470)	–	–	–	(470)
Amalgamation Transfers	–	–	(1,211)	(1,564)	(2,775)
<b>Closing balance – 30/6/17</b>	<b>410,510</b>	<b>1,004</b>	<b>11,592</b>	<b>–</b>	<b>423,106</b>
Transfers from/(to) another asset class	(64,272)	–	(320)	–	(64,592)
Purchases (GBV)	101	399	–	–	500
Depreciation and impairment	–	–	(3,516)	–	(3,516)
Revaluation	–	–	10,488	–	10,488
<b>Closing balance – 30/6/18</b>	<b>346,339</b>	<b>1,403</b>	<b>18,244</b>	<b>–</b>	<b>365,986</b>

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

\$ '000

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

## a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Land Improvements	Buildings	Other Structures	Roads	Total
Balance on transfer from former Councils	43,634	420,545	21,495	1,322,411	1,808,085
Transfers from/(to) another asset class	2,899	3,758	5,906	23,319	35,882
Purchases (GBV)	–	–	–	131	131
Disposals (WDV)	–	(355)	–	(199)	(554)
Depreciation and impairment	(1,401)	(8,081)	(1,252)	(35,079)	(45,813)
Amalgamation Transfers	(24,974)	(248)	(3,131)	(3,107)	(31,460)
<b>Closing balance – 30/6/17</b>	<b>20,158</b>	<b>415,619</b>	<b>23,018</b>	<b>1,307,476</b>	<b>1,766,271</b>
Transfers from/(to) another asset class	–	(478)	478	–	–
Purchases (GBV)	6	1,412	38	51,053	52,509
Disposals (WDV)	–	(3,541)	–	–	(3,541)
Depreciation and impairment	(1,125)	(7,488)	(1,118)	(31,892)	(41,623)
Revaluation	–	59,440	–	–	59,440
<b>Closing balance – 30/6/18</b>	<b>19,039</b>	<b>464,964</b>	<b>22,416</b>	<b>1,326,637</b>	<b>1,833,056</b>

	Bridges	Footpaths	Bulk Earthworks	Stormwater Drainage	Total
Balance on transfer from former Councils	37,953	85,429	363,923	1,012,559	1,499,864
Transfers from/(to) another asset class	744	841	2,415	7,710	11,710
Purchases (GBV)	–	29	–	9,187	9,216
Disposals (WDV)	–	–	–	(844)	(844)
Depreciation and impairment	(695)	(2,361)	–	(17,531)	(20,587)
Amalgamation Transfers	(1,869)	88	–	(2,300)	(4,081)
<b>Closing balance – 30/6/17</b>	<b>36,133</b>	<b>84,026</b>	<b>366,338</b>	<b>1,008,781</b>	<b>1,495,278</b>
Transfers from/(to) another asset class	–	–	320	–	320
Purchases (GBV)	72	3,353	574	18,081	22,081
Disposals (WDV)	–	–	–	(207)	(207)
Depreciation and impairment	(641)	(2,153)	–	(15,230)	(18,024)
<b>Closing balance – 30/6/18</b>	<b>35,564</b>	<b>85,226</b>	<b>367,232</b>	<b>1,011,425</b>	<b>1,499,448</b>

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

\$ '000

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

## a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Water Supply Network	Sewerage Network	Swimming Pools	Open Space/ Recreational	Total
Balance on transfer from former Councils	1,045,835	1,387,243	2,627	55,405	2,491,110
Transfers from/(to) another asset class	428	21,789	53	1,031	23,301
Purchases (GBV)	2,273	3,181	–	–	5,454
Disposals (WDV)	–	(3,794)	–	–	(3,794)
Depreciation and impairment	(28,466)	(37,159)	(54)	(3,396)	(69,075)
Amalgamation Transfers	(256)	(526)	267	5,947	5,432
Revaluation increments to Equity (ARR)	14,276	19,185	–	–	33,461
<b>Closing balance – 30/6/17</b>	<b>1,034,090</b>	<b>1,389,919</b>	<b>2,893</b>	<b>58,987</b>	<b>2,485,889</b>
Purchases (GBV)	2,269	22,709	30	5,156	30,164
Disposals (WDV)	–	(1,196)	–	–	(1,196)
Depreciation and impairment	(25,120)	(33,070)	(75)	(3,130)	(61,395)
Revaluation increments to Equity (ARR)	21,276	25,273	–	–	46,549
<b>Closing balance – 30/6/18</b>	<b>1,032,515</b>	<b>1,403,635</b>	<b>2,848</b>	<b>61,013</b>	<b>2,500,011</b>

	Other Infrastructure	Heritage Collections	Library Books	Other	Total
Balance on transfer from former Councils	24,207	662	2,191	5,976	33,036
Transfers from/(to) another asset class	–	83	250	–	333
Depreciation and impairment	–	(128)	(912)	(1)	(1,041)
Amalgamation Transfers	–	314	(66)	(5,940)	(5,692)
<b>Closing balance – 30/6/17</b>	<b>24,207</b>	<b>931</b>	<b>1,463</b>	<b>35</b>	<b>26,636</b>
Transfers from/(to) another asset class	–	(931)	–	931	–
Purchases (GBV)	1,415	–	1,224	–	2,639
Depreciation and impairment	(1,237)	–	(864)	(100)	(2,201)
<b>Closing balance – 30/6/18</b>	<b>24,385</b>	<b>–</b>	<b>1,823</b>	<b>866</b>	<b>27,074</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 20. Fair value measurement (continued)

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#### (5) Highest and best use

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

##### **Community based assets**

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

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

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

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 21. Related party transactions

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\$ '000

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**a. Key management personnel**

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

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

<b>Compensation:</b>	<b>2018</b>
Short-term benefits	13,877
Post-employment benefits	
Other long-term benefits	1,883
Termination benefits	781
<b>Total</b>	<b>16,541</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions (continued)

**b. Other transactions with KMP and their related parties**

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

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
2018	Ref	Actual \$	Actual \$		Actual \$	Actual \$
Employee expenses relating to close family members of KMP	1	648,738	-	Local Government (State) Award 2017	-	-
Asphalt services	2	611,954	Council owes \$29,994	7 days	-	-
Supply of apprentices and support services	3	546,040	Council owes \$36,595	7 days	-	-
Bush regeneration services	4	180,297	Council owes \$29,011	7 days	-	-

1. Close family members of Council's KMP are employed by the Council under the relevant pay award on an arms length basis. As at June 2018 there were 6 close family members of KMP employed by Council.

2. The Council purchased asphalt and related services during the year from Brisbane Water Bitumen, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.

3. The Council entered into a 3 year contract in 2016 with Central Coast Group Training Limited, a company which is controlled by a member of the KMP of Council. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable based on 7 days terms for the duration of the contract.

4. The Council bush generation services during the year from Community Environment Network Inc, a organisation which has a member of Councils KMP as a voluntary Director and CEO during the year.

Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions (continued)

### c. Other related party transactions

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
		Actual \$	Actual \$		Actual \$	Actual \$
<b>2018</b>						
Funding and in-kind support services	Ref 5	1,249,108	-	Funding and support services provided in line with the funding agreement	-	-

5. The former Wyong Shire Council entered into a funding and service level agreement with The Art House, Wyong Shire Performing Arts and Conference Centre Limited in 2016 to provide funding and in-kind services.

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions

\$ '000

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

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

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.

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	22,993	2,567	–	704	(55)	–	26,209	–
Roads	9,993	5,619	–	546	(32)	(2,052)	14,074	(68)
Parking	3,069	–	–	144	(34)	1,021	4,200	(671)
Open Space	10,021	7,067	–	628	(44)	(2,851)	14,821	(4,327)
Community Facilities	13,855	3,992	–	736	(28)	3,837	22,392	3,310
Storm Water/Flood Mitigation	1,028	432	–	52	(13)	–	1,499	–
Recreation	623	125	–	29	(7)	–	770	–
Footpaths	264	57	–	12	(3)	–	330	–
Environment Protection	592	8	–	25	(6)	–	619	–
Towncentre Improvements	1,116	643	–	63	(15)	–	1,807	–
Car Parking Administration	56	–	–	2	(1)	–	57	–
Other	135	490	–	7	(353)	45	324	(16)
<b>S7.11 contributions – under a plan</b>	<b>63,745</b>	<b>21,000</b>	<b>–</b>	<b>2,948</b>	<b>(591)</b>	<b>–</b>	<b>87,102</b>	<b>(1,772)</b>
<b>S7.12 levies – under a plan</b>	<b>4,252</b>	<b>7,161</b>	<b>–</b>	<b>341</b>	<b>–</b>	<b>–</b>	<b>11,754</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>67,997</b>	<b>28,161</b>	<b>–</b>	<b>3,289</b>	<b>(591)</b>	<b>–</b>	<b>98,856</b>	<b>(1,772)</b>
S7.11 not under plans	4,070	6	–	190	–	–	4,266	–
S7.4 planning agreements	5,110	–	–	139	–	–	5,249	1,772
S64 contributions	43,043	11,216	–	1,998	(1,621)	–	54,636	–
<b>Total contributions</b>	<b>120,219</b>	<b>39,383</b>	<b>–</b>	<b>5,616</b>	<b>(2,212)</b>	<b>–</b>	<b>163,006</b>	<b>–</b>



## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN (former Gosford)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	3,049	–	–	–	–	–	3,049	–
Drainage Capital	3,045	–	–	–	–	–	3,045	–
Drainage Land	1,977	–	–	–	–	–	1,977	–
Storm Water/Flood Mitigation	1,028	–	–	–	–	–	1,028	–
Roads Capital	2,939	–	–	–	–	–	2,939	–
Roads Land	2	–	–	–	–	–	2	–
Open Space Land	3,865	–	–	–	–	–	3,865	–
Open Space Embellishment	429	–	–	–	–	–	429	–
Community Capital	3,959	–	–	–	–	–	3,959	–
Community Land	359	–	–	–	–	–	359	–
Recreation	623	–	–	–	–	–	623	–
Footpaths	264	–	–	–	–	–	264	–
Environment Protection	592	–	–	–	–	–	592	–
Towncentre Improvements	1,116	–	–	–	–	–	1,116	–
Car Parking Administration	56	–	–	–	–	–	56	–
<b>Total</b>	<b>23,303</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,303</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 5 - WEST NARARA  
CONTRIBUTION PLAN (former Wyong)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	17,971	–	–	–	–	–	17,971	–
Roads	7,052	–	–	–	–	–	7,052	–
Parking	20	–	–	–	–	–	20	–
Open space	5,727	–	–	–	–	–	5,727	–
Community facilities	9,537	–	–	–	–	–	9,537	–
Other	135	–	–	–	–	–	135	–
<b>Total</b>	<b>40,442</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>40,442</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 5 - WEST NARARA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	487	66	–	22	(5)	–	570	–
Drainage Land	53	8	–	2	(1)	–	62	–
Roads Capital	122	18	–	5	(1)	–	144	–
Open Space Land	227	72	–	9	–	–	308	–
Community Capital	227	–	–	11	(3)	–	235	–
<b>Total</b>	<b>1,116</b>	<b>164</b>	<b>–</b>	<b>49</b>	<b>(10)</b>	<b>–</b>	<b>1,319</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 7 - NIAGARA PARK

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	147	–	–	6	(2)	–	151	–
Open Space Land	12	–	–	1	–	–	13	–
Community Capital	17	–	–	1	–	–	18	–
Recreation	5	–	–	–	–	–	5	–
<b>Total</b>	<b>181</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>(2)</b>	<b>–</b>	<b>187</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 8 - LISAROW

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	295	4	–	12	(3)	–	308	–
Drainage Land	484	8	–	20	(5)	–	507	–
Roads Capital	383	13	–	16	(4)	–	408	–
Open Space Land	54	4	–	2	(1)	–	59	–
Community Capital	1,817	6	–	76	–	–	1,899	–
Recreation	13	1	–	1	–	–	15	–
<b>Total</b>	<b>3,046</b>	<b>36</b>	<b>–</b>	<b>127</b>	<b>(13)</b>	<b>–</b>	<b>3,196</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 16 - KINCUMBER

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	298	8	–	12	(3)	–	315	–
Drainage Land	2	1	–	–	–	–	3	–
Roads Capital	256	2	–	11	(3)	–	266	–
Open Space Land	206	3	–	9	(2)	–	216	–
<b>Total</b>	<b>762</b>	<b>14</b>	<b>–</b>	<b>32</b>	<b>(8)</b>	<b>–</b>	<b>800</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 21 - KARIONG

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open Space Land	872	–	–	36	(9)	–	899	–
<b>Total</b>	<b>872</b>	<b>–</b>	<b>–</b>	<b>36</b>	<b>(9)</b>	<b>–</b>	<b>899</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 23 - SPRINGFIELD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	22	–	–	1	–	–	23	–
Drainage Land	17	–	–	1	–	–	18	–
Roads Capital	225	–	–	9	(2)	–	232	–
Parking	–	–	–	12	(3)	–	9	–
Open Space Land	300	–	–	–	–	–	300	–
<b>Total</b>	<b>564</b>	<b>–</b>	<b>–</b>	<b>23</b>	<b>(5)</b>	<b>–</b>	<b>582</b>	<b>–</b>

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 31 - PENINSULA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	1,560	110	–	67	(17)	–	1,720	–
Drainage Land	1,236	29	–	52	(13)	–	1,304	–
Roads Capital	443	39	–	19	(5)	–	496	–
Open Space Land	1,511	421	–	73	(18)	–	1,987	–
Community Land	359	6	–	42	(4)	–	403	–
Community Capital	965	99	–	15	(11)	–	1,068	–
<b>Total</b>	<b>6,074</b>	<b>704</b>	<b>–</b>	<b>268</b>	<b>(68)</b>	<b>–</b>	<b>6,978</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 42 - ERINA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage Capital	236	225	–	15	(4)	–	472	–
Drainage Land	185	45	–	9	(2)	–	237	–
Roads Capital	121	193	–	9	(2)	–	321	–
Roads Land	2	4	–	–	–	–	6	–
Open Space Land	482	416	–	29	(7)	–	920	–
Community Capital	359	62	–	16	(4)	–	433	–
Recreation	231	104	–	12	(3)	–	344	–
<b>Total</b>	<b>1,616</b>	<b>1,049</b>	<b>–</b>	<b>90</b>	<b>(22)</b>	<b>–</b>	<b>2,733</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 43 - EAST GOSFORD (PARTIALLY REPEALED)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads Capital	239	4	–	10	(3)	–	250	–
Open Space Embellishment	365	4	–	15	(4)	–	380	–
Footpaths	84	6	–	4	(1)	–	93	–
<b>Total</b>	<b>688</b>	<b>14</b>	<b>–</b>	<b>29</b>	<b>(8)</b>	<b>–</b>	<b>723</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 47A - TERRIGAL

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Storm Water/Flood Mitigation	1,028	432	–	52	(13)	–	1,499	–
Open Space Embellishment	–	19	–	–	–	–	19	–
Footpaths	149	49	–	6	(2)	–	202	–
Towncentre Improvements	1,116	643	–	63	(15)	–	1,807	–
<b>Total</b>	<b>2,293</b>	<b>1,143</b>	<b>–</b>	<b>121</b>	<b>(30)</b>	<b>–</b>	<b>3,527</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 48 - AVOCA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open Space Embellishment	57	–	–	3	(1)	–	59	–
Footpaths	6	–	–	1	–	–	7	–
<b>Total</b>	<b>63</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>(1)</b>	<b>–</b>	<b>66</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 49 - NORTH GOSFORD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open Space Land	201	1	–	8	(2)	–	208	–
Open Space Embellishment	7	2	–	–	–	–	9	–
Footpaths	25	2	–	1	–	–	28	–
<b>Total</b>	<b>233</b>	<b>5</b>	<b>–</b>	<b>9</b>	<b>(2)</b>	<b>–</b>	<b>245</b>	<b>–</b>

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 57 - JOHN WHITEWAY DRIVE (REPEALED)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads Capital	44	–	–	–	–	–	44	–
<b>Total</b>	<b>44</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>44</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 58 - ERINA FAIR

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	467	–	–	19	(5)	–	481	–
<b>Total</b>	<b>467</b>	<b>–</b>	<b>–</b>	<b>19</b>	<b>(5)</b>	<b>–</b>	<b>481</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 67 - WOY WOY PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	788	–	–	33	(8)	–	813	–
<b>Total</b>	<b>788</b>	<b>–</b>	<b>–</b>	<b>33</b>	<b>(8)</b>	<b>–</b>	<b>813</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 68 - UMINA PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	351	–	–	15	(4)	–	362	–
<b>Total</b>	<b>351</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>(4)</b>	<b>–</b>	<b>362</b>	<b>–</b>



## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 69 - TERRIGAL PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	1,240	–	–	52	(13)	–	1,279	–
Car Parking Administration	56	–	–	2	(1)	–	57	–
<b>Total</b>	<b>1,296</b>	<b>–</b>	<b>–</b>	<b>54</b>	<b>(14)</b>	<b>–</b>	<b>1,336</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 70 - EAST GOSFORD PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	127	–	–	5	(1)	–	131	–
<b>Total</b>	<b>127</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>(1)</b>	<b>–</b>	<b>131</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 72 - ETTALONG CAR PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	76	–	–	–	–	–	76	–
<b>Total</b>	<b>76</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>76</b>	<b>–</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 164 - GOSFORD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads Capital	1,106	28	–	47	(12)	–	1,169	–
Community Capital	574	16	–	24	(6)	–	608	–
Recreation	374	20	–	16	(4)	–	406	–
Environment Protection	592	8	–	25	(6)	–	619	–
<b>Total</b>	<b>2,646</b>	<b>72</b>	<b>–</b>	<b>112</b>	<b>(28)</b>	<b>–</b>	<b>2,802</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 1 - WYONG

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	1,969	43	–	41	–	–	2,053	–
Roads	260	50	–	58	–	880	1,248	–
Parking	6	–	–	6	–	1,021	1,033	(748)
Open space	669	68	–	56	–	50	843	1,716
Community facilities	1,066	99	–	54	–	936	2,155	500
Other	5	–	–	1	–	45	51	–
<b>Total</b>	<b>3,975</b>	<b>260</b>	<b>–</b>	<b>216</b>	<b>–</b>	<b>2,932</b>	<b>7,383</b>	<b>1,468</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	1,220	4	–	25	–	–	1,249	–
Roads	880	–	–	19	–	–	899	–
Open space	1,210	98	–	39	–	–	1,347	624
Community facilities	720	79	–	31	–	–	830	749
Other	1	12	–	–	(11)	–	2	–
<b>Total</b>	<b>4,031</b>	<b>193</b>	<b>–</b>	<b>114</b>	<b>(11)</b>	<b>–</b>	<b>4,327</b>	<b>1,373</b>

## CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	4	–	–	–	–	–	4	–
Roads	2,969	841	–	80	–	140	4,030	–
Parking	7	–	–	2	–	–	9	77
Open space	505	423	–	31	–	–	959	602
Community facilities	138	637	–	26	–	–	801	(1,582)
<b>Total</b>	<b>3,623</b>	<b>1,901</b>	<b>–</b>	<b>139</b>	<b>–</b>	<b>140</b>	<b>5,803</b>	<b>(903)</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 5 - OURIMBAH

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	243	–	–	5	–	–	248	–
Open space	29	13	–	3	–	–	45	105
Community facilities	1,775	10	–	39	–	–	1,824	135
Other	1	1	–	–	(1)	–	1	–
<b>Total</b>	<b>2,048</b>	<b>24</b>	<b>–</b>	<b>47</b>	<b>(1)</b>	<b>–</b>	<b>2,118</b>	<b>240</b>

## CONTRIBUTION PLAN NUMBER 6 - TOUKLEY

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	4	–	–	–	–	–	4	–
Roads	15	–	–	1	–	–	16	–
Parking	7	–	–	–	–	–	7	–
Open space	650	53	–	16	–	–	719	106
Community facilities	1,488	55	–	31	–	–	1,574	–
<b>Total</b>	<b>2,164</b>	<b>108</b>	<b>–</b>	<b>48</b>	<b>–</b>	<b>–</b>	<b>2,320</b>	<b>106</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 7 - GOROKAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	37	–	–	15	–	–	52	–
Open space	322	100	–	22	–	–	444	682
Community facilities	339	83	–	9	–	–	431	36
Other	1	14	–	–	(12)	–	3	–
<b>Total</b>	<b>699</b>	<b>197</b>	<b>–</b>	<b>46</b>	<b>(12)</b>	<b>–</b>	<b>930</b>	<b>718</b>

## CONTRIBUTION PLAN NUMBER 8 - SAN REMO

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	339	–	–	7	–	–	346	–
Roads	270	15	–	20	–	–	305	–
Open space	1,116	49	–	36	–	195	1,396	–
Community facilities	305	41	–	1	–	–	347	(395)
Other	2	6	–	1	(6)	–	3	–
<b>Total</b>	<b>2,032</b>	<b>111</b>	<b>–</b>	<b>65</b>	<b>(6)</b>	<b>195</b>	<b>2,397</b>	<b>(395)</b>

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	10	–	–	–	–	–	10	(111)
Open space	286	35	–	6	–	–	327	–
Community facilities	164	29	–	39	–	–	232	1,711
Other	1	4	–	–	(4)	–	1	–
<b>Total</b>	<b>461</b>	<b>68</b>	<b>–</b>	<b>45</b>	<b>(4)</b>	<b>–</b>	<b>570</b>	<b>1,600</b>

## CONTRIBUTION PLAN NUMBER - 13 SHIRE WIDE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	79	482	–	18	–	(195)	384	–
Community facilities	24	366	–	1	–	(150)	241	(4,036)
Other	19	70	–	–	(63)	–	26	(16)
<b>Total</b>	<b>122</b>	<b>918</b>	<b>–</b>	<b>19</b>	<b>(63)</b>	<b>(345)</b>	<b>651</b>	<b>(4,052)</b>

## CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	1,342	202	–	37	–	250	1,831	43
Open space	366	163	–	19	–	–	548	432
Community facilities	1,011	138	–	47	–	150	1,346	1,039
Other	1	22	–	–	(20)	–	3	–
<b>Total</b>	<b>2,720</b>	<b>525</b>	<b>–</b>	<b>103</b>	<b>(20)</b>	<b>400</b>	<b>3,728</b>	<b>1,514</b>

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 17 - WARNERVALE DISTRICT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	14,436	2,016	–	412	–	–	16,864	–
Roads	1,029	4,210	–	185	–	(3,322)	2,102	–
Open space	494	4,641	–	197	–	(2,901)	2,431	(8,594)
Community facilities	2,505	2,266	–	273	–	2,901	7,945	5,153
Other	108	361	–	5	(236)	–	238	–
<b>Total</b>	<b>18,572</b>	<b>13,494</b>	<b>–</b>	<b>1,072</b>	<b>(236)</b>	<b>(3,322)</b>	<b>29,580</b>	<b>(3,441)</b>

## S7.12 LEVIES – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER GCIP

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Towncentre Improvements	3,426	5,918	–	299	–	–	9,643	–
<b>Total</b>	<b>3,426</b>	<b>5,918</b>	<b>–</b>	<b>299</b>	<b>–</b>	<b>–</b>	<b>9,643</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER WYONG

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	826	1,243	–	42	–	–	2,111	–
<b>Total</b>	<b>826</b>	<b>1,243</b>	<b>–</b>	<b>42</b>	<b>–</b>	<b>–</b>	<b>2,111</b>	<b>–</b>

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

## GOSFORD CITY IMPROVEMENT &amp; ERINA PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	2,572	–	–	107	–	–	2,679	–
Roads Capital	433	–	–	20	–	–	453	–
Open Space Land	303	–	–	32	–	–	335	–
Open Space Embellishment	204	–	–	8	–	–	212	–
Community Capital	483	–	–	20	–	–	503	–
Environment Protection	75	–	–	3	–	–	78	–
<b>Total</b>	<b>4,070</b>	<b>–</b>	<b>–</b>	<b>190</b>	<b>–</b>	<b>–</b>	<b>4,260</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 36 - ERINA VALLEY

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	–	6	–	–	–	–	6	–
<b>Total</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>–</b>



## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Financial result and financial position by fund

\$ '000

<b>Continuing operations</b>	<b>Drainage</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>				
Rates and annual charges	17,624	23,966	79,316	227,563
User charges and fees	95	67,914	6,556	64,633
Interest and investment revenue	858	2,344	2,577	7,856
Other revenues	–	185	111	16,065
Grants and contributions provided for operating purposes	127	1,246	1,806	41,435
Grants and contributions provided for capital purposes	8,874	7,162	9,694	63,185
<b>Total income from continuing operations</b>	<b>27,578</b>	<b>102,817</b>	<b>100,060</b>	<b>420,737</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,752	16,255	12,842	155,091
Borrowing costs	571	15,344	4,588	160
Materials and contracts	7,613	20,004	22,961	62,089
Depreciation and amortisation	28,268	28,303	43,289	39,520
Other expenses	21	4,163	5,326	77,768
Net losses from the disposal of assets	207	–	1,196	2,426
Revaluation decrement / impairment of IPPE	–	–	–	35,221
<b>Total expenses from continuing operations</b>	<b>38,432</b>	<b>84,069</b>	<b>90,202</b>	<b>372,275</b>
<b>Operating result from continuing operations</b>	<b>(10,854)</b>	<b>18,748</b>	<b>9,858</b>	<b>48,462</b>
 <b>Net operating result attributable to each council fund</b>	 <b>(10,854)</b>	 <b>18,748</b>	 <b>9,858</b>	 <b>48,462</b>
 <b>Net operating result for the period before grants and contributions provided for capital purposes</b>	 <b>(19,728)</b>	 <b>11,586</b>	 <b>164</b>	 <b>(14,723)</b>

<sup>1</sup> General fund refers to all Council's activities other than Water, Sewer and Drainage

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

## DRAFT

## Central Coast Council

Notes to the Financial Statements  
as at 30 June 2018

## Note 23. Financial result and financial position by fund (continued)

\$ '000

<b>ASSETS</b>	<b>Drainage</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>				
Cash and cash equivalents	5,173	11,141	59,328	42,860
Investments	3,769	8,117	43,225	24,342
Receivables	2,156	43,627	16,467	59,263
Inventories	–	–	–	1,431
Other	–	–	–	3,607
<b>Total current assets</b>	<b>11,098</b>	<b>62,885</b>	<b>119,020</b>	<b>131,503</b>
<b>Non-current assets</b>				
Investments	20,318	24,675	6,622	227,135
Receivables	–	302	11,992	25,006
Infrastructure, property, plant and equipment	1,039,071	1,116,818	1,478,597	3,361,941
Intangible assets	1,703	–	–	8,695
Other	–	–	–	480
<b>Total non-current assets</b>	<b>1,061,092</b>	<b>1,141,795</b>	<b>1,497,211</b>	<b>3,623,257</b>
<b>TOTAL ASSETS</b>	<b>1,072,190</b>	<b>1,204,680</b>	<b>1,616,231</b>	<b>3,754,760</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	35,185	5,871	3,079	42,181
Income received in advance	–	1,714	51	4,915
Borrowings	433	25,920	5,341	2,698
Provisions	984	5,226	5,728	57,238
<b>Total current liabilities</b>	<b>36,602</b>	<b>38,731</b>	<b>14,199</b>	<b>107,032</b>
<b>Non-current liabilities</b>				
Payables	–	1,746	653	31,601
Income received in advance	–	–	478	9,711
Borrowings	9,094	172,515	67,318	16,681
Provisions	–	528	965	63,325
<b>Total non-current liabilities</b>	<b>9,094</b>	<b>174,789</b>	<b>69,414</b>	<b>121,318</b>
<b>TOTAL LIABILITIES</b>	<b>45,696</b>	<b>213,520</b>	<b>83,613</b>	<b>228,350</b>
<b>Net assets</b>	<b>1,026,494</b>	<b>991,160</b>	<b>1,532,618</b>	<b>3,526,410</b>
<b>EQUITY</b>				
Accumulated surplus	1,026,494	954,262	1,484,798	3,461,190
Revaluation reserves	–	36,898	47,820	65,220
<b>Total equity</b>	<b>1,026,494</b>	<b>991,160</b>	<b>1,532,618</b>	<b>3,526,410</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water, Sewer and Drainage

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

## DRAFT

## Central Coast Council

Notes to the Financial Statements  
as at 30 June 2018

## Note 23. Financial result and financial position by fund (continued)

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\$ '000

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Details of individual internal loans for the year ended 30 June 2018  
(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref	Council ID / Ref	Council ID / Ref
Borrower (by purpose)	Water Fund	Water Fund	Water Fund
Lender (by purpose)	General Fund	Sewer Fund	General Fund
Date of minister's approval	N/A	27/05/2015	N/A
Date raised	30/06/2013	27/05/2015	31/05/2015
Term (years)	20	20	20
Dates of maturity	30/06/2033	21/02/2035	26/05/1935
Rate of interest	5.72	5.72	5.72
Amount originally raised	20,000,000	10,000,000	10,000,000
Total repaid during year (principal and interest)	694,996	315,302	310,552
<b>Principal outstanding at end of year</b>	<b>16,919,810</b>	<b>9,073,231</b>	<b>9,146,542</b>

## DRAFT

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
<b>Local government industry indicators – consolidated</b>				
<b>1. Operating performance ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>16,349</b>	<b>2.91%</b>	10.71%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>562,277</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<b>517,663</b>	<b>79.49%</b>	76.45%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<b>651,192</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions <sup>(2)</sup>	<b>187,688</b>	<b>1.45x</b>	2.71x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<b>129,852</b>			
<b>4. Debt service cover ratio</b>				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>176,392</b>	<b>3.95x</b>	4.55x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>44,639</b>			
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>				
Rates, annual and extra charges outstanding	<b>29,406</b>	<b>7.82%</b>	5.93%	< 5% Metro
Rates, annual and extra charges collectible	<b>376,172</b>			< 10% Regional & Rural
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>431,955</b>	<b>12.03 mths</b>	9.0 mths	> 3 mths
Payments from cash flow of operating and financing activities	<b>35,915</b>			

## Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

<sup>(3)</sup> Refer to Notes 11 and 12.

<sup>(4)</sup> Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Central Coast Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 24(b). Statement of performance measures – by fund

	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
\$ '000	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
less operating expenses							
<hr/>	0.92%	10.59%	11.78%	10.10%	1.76%	11.82%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<hr/>	74.66%	71.25%	91.82%	90.55%	88.51%	84.52%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
3. Unrestricted current ratio							
Current assets less all external restrictions <sup>(2)</sup>							
<hr/>	0.91x	2.36x	1.28x	1.04x	9.99x	4.53x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>							

#### Notes

(1) - (4) Refer to Notes at Note 24a above.

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

## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	19.80x	11.54x	1.75x	1.72x	5.12x	6.19x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	4.67%	5.24%	19.34%	22.88%	16.15%	5.21%	< 5% metro
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	13.17	7.11	2.40	11.99	15.57	18.65	> 3 months
Payments from cash flow of operating and financing activities	months	months	months	months	months	months	

## Notes

(1) Refer to Notes at Note 24a above.

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

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 24(c). Statement of performance measures – consolidated results (graphs)

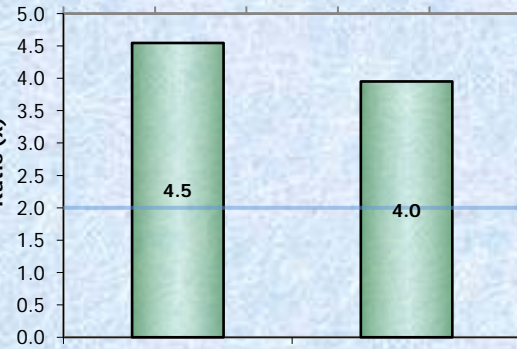
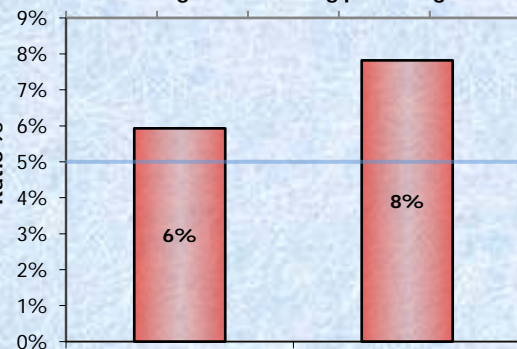
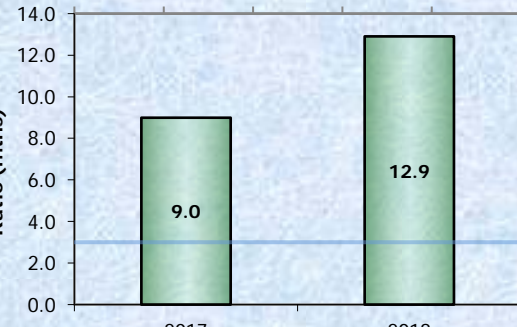
<p><b>1. Operating performance ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of operating performance ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 2.91%</b></p> <p>The positive ratio demonstrates Council's sound fiscal management and commitment to achieving financial sustainability</p>
<p><b>2. Own source operating revenue ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of own source operating revenue ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 79.49%</b></p> <p>Council's own source operating revenue ratio is above the 60% benchmark and demonstrates fiscal flexibility if faced with unforeseen events.</p>
<p><b>3. Unrestricted current ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of unrestricted current ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 1.43x</b></p> <p>Council's unrestricted current ratio is designed to represent Council's ability to meet short-term obligations as they fall due. Cash allocated to specific projects is restricted and cannot be used to meet Council's other operating and borrowing costs. Council is just under the 1.5 benchmark and has a sound liquidity position.</p>

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## Central Coast Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 24(c). Statement of performance measures – consolidated results (graphs)

<p><b>4. Debt service cover ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 2.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of debt service cover ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 3.95x</b></p> <p>Council's debt service ratio is above the 2.0 benchmark confirming positive operating results and stable debt levels.</p>
<p><b>5. Rates, annual charges, interest and extra charges outstanding percentage</b></p>  <p>Benchmark: — Maximum <math>&lt; 5.00\%</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of rates and annual charges outstanding ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 7.82%</b></p> <p>Council will continue to implement socially responsible debt management strategies to reduce long term outstanding debts to bring this ratio below the 5% benchmark.</p>
<p><b>6. Cash expense cover ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 3.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of cash expense cover ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 12.90 mths</b></p> <p>Council's cash expense cover ratio exceeds the 3.0 benchmark and reflects sound cash management.</p>



## DRAFT

## Central Coast Council

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 25. Council information and contact details

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**Principal place of business:**

2 Hely Street, Wyong, NSW 2259

49 Mann Street, Gosford, NSW 2250

**Contact details****Mailing address:**

PO Box 20, Wyong, NSW, 2259

PO Box 21, Gosford, NSW 2250

**Opening hours:**

8.30am - 5.00pm

Monday to Friday

**Telephone:** 02 4350 5555 (Wyong Office)**Facsimile:** 02 4325 8222 (Gosford Office)**Internet:** [www.centralcoast.nsw.gov.au](http://www.centralcoast.nsw.gov.au)**Email:** [ask@centralcoast.nsw.gov.au](mailto:ask@centralcoast.nsw.gov.au)**Officers****CHIEF EXECUTIVE OFFICER**

Gary Murphy

**RESPONSIBLE ACCOUNTING OFFICER**

Vivienne Louie

**PUBLIC OFFICER**

Shane Sullivan

**AUDITORS**

Audit Office of NSW

Level 15

1 Margaret Street

Sydney NSW 2000

**Elected members****MAYOR**

Jane Smith (Gosford East Ward)

**COUNCILLORS**

Chris Holstein - Deputy Mayor (Gosford West Ward)

Greg Best (Budgewoi Ward)

Jillian Hogan (Budgewoi Ward)

Doug Vincent (Budgewoi Ward)

Rebecca Gale Collins (Gosford East Ward)

Jeff Sundstrom (Gosford East Ward)

Troy Marquart (Gosford West Ward)

Richard Mehrrens (Gosford West Ward)

Lisa Matthews (The Entrance Ward)

Bruce McLachlan (The Entrance Ward)

Jilly Pilon (The Entrance Ward)

Chris Burke (Wyong Ward)

Louise Greenaway (Wyong Ward)

Kyle MacGregor (Wyong Ward)

**Other information****ABN:** 73 149 644 003

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# Central Coast Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

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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).
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## DRAFT

## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

## 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 financial statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on dd/mm/yy.**

---

Jane Smith

**Mayor**

dd/mm/yy

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Chris Holstein - Deputy Mayor

**Councillor**

dd/mm/yy

---

Gary Murphy

**General Manager**

dd/mm/yy

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Vivienne Louie

**Responsible Accounting Officer**

dd/mm/yy

## DRAFT

## Central Coast Council

# Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
Access charges	23,966	26,802
User charges	66,588	71,632
Fees	1,326	911
Interest	2,344	2,375
Grants and contributions provided for non-capital purposes	1,246	1,699
Profit from the sale of assets	–	6
Other income	185	979
<b>Total income from continuing operations</b>	<b>95,655</b>	<b>104,404</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	16,255	16,365
Borrowing costs	15,344	17,448
Materials and contracts	20,004	11,870
Depreciation, amortisation and impairment	28,303	29,206
Water purchase charges	342	323
Loss on sale of assets	–	142
Calculated taxation equivalents	575	518
Other expenses	3,821	17,984
<b>Total expenses from continuing operations</b>	<b>84,644</b>	<b>93,856</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>11,011</b>	<b>10,548</b>
Grants and contributions provided for capital purposes	7,162	9,018
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>18,173</b>	<b>19,566</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>18,173</b>	<b>19,566</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(3,303)	(3,164)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>14,870</b>	<b>16,402</b>
Plus opening retained profits	935,513	–
Plus sssets and liabilities transferred from former councils	–	915,429
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	575	518
– Corporate taxation equivalent	3,303	3,164
<b>Closing retained profits</b>	<b>954,261</b>	<b>935,513</b>
<b>Return on capital %</b>	<b>2.4%</b>	<b>2.5%</b>
<b>Subsidy from Council</b>	<b>3,017</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	14,870	16,402
Less: capital grants and contributions (excluding developer contributions)	(7,162)	(9,018)
<b>Surplus for dividend calculation purposes</b>	<b>7,708</b>	<b>7,384</b>
<b>Potential dividend calculated from surplus</b>	<b>3,854</b>	<b>3,692</b>

## DRAFT

## Central Coast Council

# Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
Access charges	79,316	89,882
User charges	2,490	3,149
Liquid trade waste charges	2,902	2,521
Fees	1,164	814
Interest	2,577	3,129
Grants and contributions provided for non-capital purposes	1,806	2,496
Profit from the sale of assets	–	71
Other income	111	451
<b>Total income from continuing operations</b>	<b>90,366</b>	<b>102,513</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	12,842	14,699
Borrowing costs	4,588	5,289
Materials and contracts	22,961	13,379
Depreciation, amortisation and impairment	43,289	37,773
Loss on sale of assets	1,196	3,816
Calculated taxation equivalents	221	218
Other expenses	5,326	17,503
<b>Total expenses from continuing operations</b>	<b>90,423</b>	<b>92,677</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(57)</b>	<b>9,836</b>
Grants and contributions provided for capital purposes	9,694	15,816
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,637</b>	<b>25,652</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,637</b>	<b>25,652</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	(2,951)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>9,637</b>	<b>22,701</b>
Plus opening retained profits	1,466,511	–
Plus sssets and liabilities transferred from former councils		1,440,641
Plus/less: prior period adjustments	8,430	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	221	218
– Corporate taxation equivalent	–	2,951
<b>Closing retained profits</b>	<b>1,484,799</b>	<b>1,466,511</b>
<b>Return on capital %</b>	<b>0.3%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>34,356</b>	<b>20,150</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	9,637	22,701
Less: capital grants and contributions (excluding developer contributions)	(9,694)	(15,816)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>6,885</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>3,443</b>

## DRAFT

## Central Coast Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Drainage		Holiday Parks	
	Category 1		Category 1	
\$ '000	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
Access charges	17,624	19,613	–	–
User charges	–	–	10,266	10,705
Fees	95	3	–	–
Interest	858	261	–	–
Grants and contributions provided for non-capital purposes	127	333	–	–
<b>Total income from continuing operations</b>	<b>18,704</b>	<b>20,210</b>	<b>10,266</b>	<b>10,705</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,752	2,235	208	230
Borrowing costs	571	1,392	–	–
Materials and contracts	7,613	4,011	3,460	3,772
Depreciation, amortisation and impairment	28,268	17,404	449	753
Loss on sale of assets	207	711	–	–
Calculated taxation equivalents	89	146	295	292
Other expenses	21	2,732	3,608	3,792
<b>Total expenses from continuing operations</b>	<b>38,521</b>	<b>28,631</b>	<b>8,020</b>	<b>8,839</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(19,817)</b>	<b>(8,421)</b>	<b>2,246</b>	<b>1,866</b>
Grants and contributions provided for capital purposes	8,874	12,714	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(10,943)</b>	<b>4,293</b>	<b>2,246</b>	<b>1,866</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(10,943)</b>	<b>4,293</b>	<b>2,246</b>	<b>1,866</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	(674)	(560)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(10,943)</b>	<b>4,293</b>	<b>1,572</b>	<b>1,306</b>
<b>Plus opening retained profits</b>	1,037,347	–	36,730	–
<b>Plus sssets and liabilities transferred from former councils</b>		1,032,908		34,572
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	89	146	295	292
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	674	560
<b>Closing retained profits</b>	<b>1,026,493</b>	<b>1,037,347</b>	<b>39,271</b>	<b>36,730</b>
<b>Return on capital %</b>	<b>-1.9%</b>	<b>-0.7%</b>	<b>10.2%</b>	<b>7.4%</b>
<b>Subsidy from Council</b>	<b>46,574</b>	<b>31,466</b>	<b>–</b>	<b>–</b>

## DRAFT

## Central Coast Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

\$ '000	Leisure Centres		Child Care	
	Category 1		Category 1	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
User charges	6,224	4,788	6,326	7,326
Grants and contributions provided for non-capital purposes	–	3	520	774
Other income	577	580	1	2
<b>Total income from continuing operations</b>	<b>6,801</b>	<b>5,371</b>	<b>6,847</b>	<b>8,102</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	4,572	5,432	5,986	7,370
Materials and contracts	3,671	1,722	1,762	1,232
Depreciation, amortisation and impairment	467	743	14	173
Calculated taxation equivalents	465	357	347	329
Other expenses	744	2,759	79	1,416
<b>Total expenses from continuing operations</b>	<b>9,919</b>	<b>11,013</b>	<b>8,188</b>	<b>10,520</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,118)</b>	<b>(5,642)</b>	<b>(1,341)</b>	<b>(2,418)</b>
Grants and contributions provided for capital purposes	–	–	–	15
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(3,118)</b>	<b>(5,642)</b>	<b>(1,341)</b>	<b>(2,403)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(3,118)</b>	<b>(5,642)</b>	<b>(1,341)</b>	<b>(2,403)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(3,118)</b>	<b>(5,642)</b>	<b>(1,341)</b>	<b>(2,403)</b>
Plus opening retained profits	(5,285)	–	(2,650)	–
Plus sssets and liabilities transferred from former councils	–	–	–	(576)
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	465	357	347	329
<b>Closing retained profits</b>	<b>(7,938)</b>	<b>(5,285)</b>	<b>(3,644)</b>	<b>(2,650)</b>
Return on capital %	-9.0%	-16.1%	-174.8%	-28.3%
Subsidy from Council	4,027	6,475	1,361	2,621



## DRAFT

## Central Coast Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Commercial Waste		Building Certification	
	Category 1		Category 1	
\$ '000	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
Access charges	4,825	2,611	–	–
User charges	–	13	–	–
Fees	–	–	1,642	2,402
Interest	3	5	–	–
Other income	–	–	10	–
<b>Total income from continuing operations</b>	<b>4,828</b>	<b>2,629</b>	<b>1,652</b>	<b>2,402</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	–	–	1,227	1,068
Materials and contracts	720	825	481	238
Calculated taxation equivalents	38	–	27	1
Other expenses	1,506	371	13	141
<b>Total expenses from continuing operations</b>	<b>2,264</b>	<b>1,196</b>	<b>1,748</b>	<b>1,448</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,564</b>	<b>1,433</b>	<b>(96)</b>	<b>954</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,564</b>	<b>1,433</b>	<b>(96)</b>	<b>954</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,564</b>	<b>1,433</b>	<b>(96)</b>	<b>954</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(769)	(430)	–	(286)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,795</b>	<b>1,003</b>	<b>(96)</b>	<b>668</b>
<b>Plus opening retained profits</b>	1,433	–	955	–
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	38	–	27	1
– Corporate taxation equivalent	769	430	–	286
<b>Closing retained profits</b>	<b>4,035</b>	<b>1,433</b>	<b>886</b>	<b>955</b>
<b>Return on capital %</b>	n/a	n/a	n/a	n/a
<b>Subsidy from Council</b>	–	–	96	–

## DRAFT

## Central Coast Council

Statement of Financial Position – Council's Water Supply Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,141	106
Investments	8,117	20,499
Receivables	43,627	25,910
Other	–	139
<b>Total current assets</b>	<b>62,885</b>	<b>46,654</b>
<b>Non-current assets</b>		
Investments	24,675	–
Receivables	302	338
Infrastructure, property, plant and equipment	1,116,818	1,128,437
<b>Total non-current assets</b>	<b>1,141,795</b>	<b>1,128,775</b>
<b>TOTAL ASSETS</b>	<b>1,204,680</b>	<b>1,175,429</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	5,871	5,598
Income received in advance	1,714	400
Borrowings	25,920	15,191
Provisions	5,226	5,402
<b>Total current liabilities</b>	<b>38,731</b>	<b>26,591</b>
<b>Non-current liabilities</b>		
Payables	1,746	–
Borrowings	172,515	198,636
Provisions	528	413
<b>Total non-current liabilities</b>	<b>174,789</b>	<b>199,049</b>
<b>TOTAL LIABILITIES</b>	<b>213,520</b>	<b>225,640</b>
<b>NET ASSETS</b>	<b>991,160</b>	<b>949,789</b>
<b>EQUITY</b>		
Accumulated surplus	954,262	935,513
Revaluation reserves	36,898	14,276
<b>TOTAL EQUITY</b>	<b>991,160</b>	<b>949,789</b>

## DRAFT

## Central Coast Council

# Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	59,328	82
Investments	43,225	67,934
Receivables	16,467	11,895
Other	–	198
<b>Total current Assets</b>	<b>119,020</b>	<b>80,109</b>
<b>Non-current assets</b>		
Investments	6,622	–
Receivables	11,992	12,478
Infrastructure, property, plant and equipment	1,478,597	1,482,148
<b>Total non-current assets</b>	<b>1,497,211</b>	<b>1,494,626</b>
<b>TOTAL ASSETS</b>	<b>1,616,231</b>	<b>1,574,735</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	3,079	3,306
Income received in advance	51	1,137
Borrowings	5,341	5,086
Provisions	5,728	5,160
<b>Total current liabilities</b>	<b>14,199</b>	<b>14,689</b>
<b>Non-current liabilities</b>		
Payables	653	–
Income received in advance	478	498
Borrowings	67,318	72,659
Provisions	965	1,193
<b>Total non-current liabilities</b>	<b>69,414</b>	<b>74,350</b>
<b>TOTAL LIABILITIES</b>	<b>83,613</b>	<b>89,039</b>
<b>NET ASSETS</b>	<b>1,532,618</b>	<b>1,485,696</b>
<b>EQUITY</b>		
Accumulated surplus	1,484,798	1,466,511
Revaluation reserves	47,820	19,185
<b>TOTAL EQUITY</b>	<b>1,532,618</b>	<b>1,485,696</b>

## DRAFT

## Central Coast Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Drainage		Holiday Parks	
	Category 1		Category 1	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,173	–	–	–
Investments	3,769	8,358	8,709	11,618
Receivables	2,156	2,298	183	253
Inventories	–	–	–	–
Other	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
<b>Total Current Assets</b>	<b>11,098</b>	<b>10,656</b>	<b>8,892</b>	<b>11,871</b>
<b>Non-current assets</b>				
Investments	20,318	18,523	–	–
Receivables	–	–	9,718	–
Infrastructure, property, plant and equipment	1,039,071	1,026,784	22,021	25,135
Intangible assets	1,703	1,703	–	–
<b>Total non-current assets</b>	<b>1,061,092</b>	<b>1,047,010</b>	<b>31,739</b>	<b>25,135</b>
<b>TOTAL ASSETS</b>	<b>1,072,190</b>	<b>1,057,666</b>	<b>40,631</b>	<b>37,006</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	35,185	5,196	521	210
Income received in advance	–	–	795	–
Borrowings	433	486	–	–
Provisions	984	837	44	51
<b>Total current liabilities</b>	<b>36,602</b>	<b>6,519</b>	<b>1,360</b>	<b>261</b>
<b>Non-current liabilities</b>				
Income received in advance	–	1,668	–	–
Borrowings	9,094	12,132	–	–
Provisions	–	–	–	15
<b>Total non-current liabilities</b>	<b>9,094</b>	<b>13,800</b>	<b>–</b>	<b>15</b>
<b>TOTAL LIABILITIES</b>	<b>45,696</b>	<b>20,319</b>	<b>1,360</b>	<b>276</b>
<b>NET ASSETS</b>	<b>1,026,494</b>	<b>1,037,347</b>	<b>39,271</b>	<b>36,730</b>
<b>EQUITY</b>				
Accumulated surplus	1,026,494	1,037,347	39,271	36,730
<b>TOTAL EQUITY</b>	<b>1,026,494</b>	<b>1,037,347</b>	<b>39,271</b>	<b>36,730</b>

## DRAFT

## Central Coast Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Leisure Centres		Child Care	
	Category 1		Category 1	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	–	56	–	23
<b>Total Current Assets</b>	<b>–</b>	<b>56</b>	<b>–</b>	<b>23</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	34,565	35,000	767	8,535
<b>Total non-current assets</b>	<b>34,565</b>	<b>35,000</b>	<b>767</b>	<b>8,535</b>
<b>TOTAL ASSETS</b>	<b>34,565</b>	<b>35,056</b>	<b>767</b>	<b>8,558</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	56	105	223	1,608
Borrowings	41,756	39,630	2,927	7,693
Provisions	691	590	1,261	1,662
<b>Total current liabilities</b>	<b>42,503</b>	<b>40,325</b>	<b>4,411</b>	<b>10,963</b>
<b>Non-current liabilities</b>				
Provisions	–	16	–	245
<b>Total non-current liabilities</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>245</b>
<b>TOTAL LIABILITIES</b>	<b>42,503</b>	<b>40,341</b>	<b>4,411</b>	<b>11,208</b>
<b>NET ASSETS</b>	<b>(7,938)</b>	<b>(5,285)</b>	<b>(3,644)</b>	<b>(2,650)</b>
<b>EQUITY</b>				
Accumulated surplus	(7,938)	(5,285)	(3,644)	(2,650)
<b>TOTAL EQUITY</b>	<b>(7,938)</b>	<b>(5,285)</b>	<b>(3,644)</b>	<b>(2,650)</b>

## DRAFT

## Central Coast Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Commercial Waste		Building Certification	
	Category 1		Category 1	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	–	–	1,430	955
<b>Total Current Assets</b>	<b>–</b>	<b>–</b>	<b>1,430</b>	<b>955</b>
<b>Non-current assets</b>				
Receivables	4,387	2,037	–	–
<b>Total non-current assets</b>	<b>4,387</b>	<b>2,037</b>	<b>–</b>	<b>–</b>
<b>TOTAL ASSETS</b>	<b>4,387</b>	<b>2,037</b>	<b>1,430</b>	<b>955</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	352	127	15	–
Provisions	–	370	529	–
<b>Total current liabilities</b>	<b>352</b>	<b>497</b>	<b>544</b>	<b>–</b>
<b>Non-current liabilities</b>				
Provisions	–	107	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>107</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>352</b>	<b>604</b>	<b>544</b>	<b>–</b>
<b>NET ASSETS</b>	<b>4,035</b>	<b>1,433</b>	<b>886</b>	<b>955</b>
<b>EQUITY</b>				
Accumulated surplus	4,035	1,433	886	955
<b>TOTAL EQUITY</b>	<b>4,035</b>	<b>1,433</b>	<b>886</b>	<b>955</b>

## DRAFT

## Central Coast Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

## Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	14
2	Water Supply Business Best-Practice Management disclosure requirements	18
3	Sewerage Business Best-Practice Management disclosure requirements	20

## DRAFT

## Central Coast Council

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

### Note 1. Significant accounting policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the *Local Government Act 1993 (NSW)*, the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

#### National Competition Policy

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

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

#### Declared business activities

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

##### Category 1

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

##### a. Water supplies

Water catchment, treatment and supply; stormwater drainage

##### b. Sewerage services

Sewerage collection, treatment and disposal



## DRAFT

## Central Coast Council

# Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

## Note 1. Significant accounting policies (continued)

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### c. Stormwater drainage services

Provide and maintain stormwater drainage services

### d. Commercial waste management

Collection and disposal of commercial waste

### e. Care and education

Provision of child care centres

### f. Holiday parks

Provision of holiday parks

### g. Leisure centres

Provision of leisure centres

## Category 2

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

### Building certification

Provision of building certification services

## Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures). As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

### (i) 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 – **30%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with Crown Lands and Water (CLAW), 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.

## DRAFT

## Central Coast Council

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

### Note 1. Significant accounting policies (continued)

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The payment of taxation equivalent charges, referred to in the CLAW guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the CLAW 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 30%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 30% 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 payable on all Category 1 businesses has been applied to all land 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.

##### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### (iii) 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'.

## DRAFT

## Central Coast Council

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

### Note 1. Significant accounting policies (continued)

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Such funds are subsequently available for meeting commitments or financing future investment strategies. The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

*(iv) Dividends*

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## DRAFT

## Central Coast Council

# Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

## Note 2. Water supply business

### best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

#### 1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	575,000
(ii)	Number of assessments multiplied by \$3/assessment	397,887
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	397,887
(iv)	Amounts actually paid for tax equivalents	–

#### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	3,853,850
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	3,580,983
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	15,091,257

2018 Surplus	7,707,700	2017 Surplus	7,383,557	2016 Surplus	–
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	3,580,983
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? <sup>a</sup>	YES

#### 3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	NO
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	NO
	b. Complete and implement integrated water cycle management strategy	NO

## DRAFT

## Central Coast Council

# Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

## Note 2. Water supply business

### best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

#### National Water Initiative (NWI) financial performance indicators

<b>NWI F1</b>	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	100,479
<b>NWI F4</b>	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	72.83%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	1,116,777
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	40,425
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	2,269
<b>NWI F17</b>	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	3.11%
<b>NWI F26</b>	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
  - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

## DRAFT

## Central Coast Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

## 1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	221,000
(ii)	Number of assessments multiplied by \$3/assessment	389,355
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	221,000
(iv)	Amounts actually paid for tax equivalents	–

## 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	–
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	3,672,550
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	6,828,200

2018 Surplus	(57,000)	2017 Surplus	6,885,200	2016 Surplus	–
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	–
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	YES

## 3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## DRAFT

## Central Coast Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

## National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	97,483
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	1,478,417
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	41,131
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	22,709
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	1.56%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

National Water Initiative (NWI) financial performance indicators  
Water and sewer (combined)

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	196,766
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.30%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	24,978
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	2.23%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

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## Central Coast Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators  
Water and sewer (combined)

<b>NWI F22</b>	Net debt to equity (water and sewerage)	%	4.67%
	Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest cover (water and sewerage)		4
	Earnings before interest and tax (EBIT) divided by net interest		
	Earnings before interest and tax (EBIT):		57,785
	Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)		
	Net interest:		15,011
	Interest expense (w4a + s4a) – interest income (w9 + s10)		
<b>NWI F24</b>	Net profit after tax (water and sewerage)	\$'000	28,609
	Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))		
<b>NWI F25</b>	Community service obligations (water and sewerage)	\$'000	2,554
	Grants for pensioner rebates (w11b + s12b)		

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
  - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



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# Central Coast Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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## Central Coast Council

# Special Schedules

for the year ended 30 June 2018

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

## Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

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## Central Coast Council

# Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>1,628</b>	<b>1</b>	<b>–</b>	<b>(1,627)</b>
<b>Administration</b>	<b>38,527</b>	<b>8,143</b>	<b>25,167</b>	<b>(5,217)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	8,905	1,666	2,061	(5,178)
Beach control	5,714	86	–	(5,628)
Enforcement of local government regulations	3,696	2,843	25	(828)
Animal control	369	399	–	30
Other	–	–	–	–
<b>Total public order and safety</b>	<b>18,684</b>	<b>4,994</b>	<b>2,086</b>	<b>(11,604)</b>
<b>Health</b>	<b>2,471</b>	<b>1,286</b>	<b>–</b>	<b>(1,185)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	193	–	–	(193)
Other environmental protection	7,662	198	1,640	(5,824)
Solid waste management	79,407	92,183	63	12,839
Street cleaning	1,293	–	–	(1,293)
Drainage	37,695	17,754	8,874	(11,067)
Stormwater management	2,225	842	215	(1,168)
<b>Total environment</b>	<b>128,475</b>	<b>110,977</b>	<b>10,792</b>	<b>(6,706)</b>
<b>Community services and education</b>				
Administration and education	929	247	–	(682)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	1,071	180	–	(891)
Children's services	9,252	7,425	–	(1,827)
<b>Total community services and education</b>	<b>11,252</b>	<b>7,852</b>	<b>–</b>	<b>(3,400)</b>
<b>Housing and community amenities</b>				
Public cemeteries	296	291	–	(5)
Public conveniences	3,614	–	–	(3,614)
Street lighting	6,619	948	–	(5,671)
Town planning	17,726	5,527	–	(12,199)
Other community amenities	4,277	169	1,008	(3,100)
<b>Total housing and community amenities</b>	<b>32,532</b>	<b>6,935</b>	<b>1,008</b>	<b>(24,589)</b>
<b>Water supplies</b>	<b>81,316</b>	<b>90,553</b>	<b>7,162</b>	<b>16,399</b>
<b>Sewerage services</b>	<b>89,526</b>	<b>87,636</b>	<b>9,694</b>	<b>7,804</b>

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## Central Coast Council

# Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	12,781	886	54	(11,841)
Museums	–	–	–	–
Art galleries	1,604	474	–	(1,130)
Community centres and halls	5,197	1,560	–	(3,637)
Performing arts venues	5,050	2,423	–	(2,627)
Other performing arts	–	–	–	–
Other cultural services	4,287	320	–	(3,967)
Sporting grounds and venues	14,182	3,853	415	(9,914)
Swimming pools	7,177	5,796	–	(1,381)
Parks and gardens (lakes)	16,662	437	643	(15,582)
Other sport and recreation	6,275	21	5,219	(1,035)
<b>Total recreation and culture</b>	<b>73,215</b>	<b>15,770</b>	<b>6,331</b>	<b>(51,114)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	4,338	2,402	–	(1,936)
Other mining, manufacturing and construction	–	–	–	–
<b>Total mining, manufacturing and const.</b>	<b>4,338</b>	<b>2,402</b>	<b>–</b>	<b>(1,936)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	43,227	569	20,198	(22,460)
Urban roads – regional	21,025	9,075	13	(11,937)
Sealed rural roads (SRR) – local	12	–	–	(12)
Sealed rural roads (SRR) – regional	58	–	–	(58)
Unsealed rural roads (URR) – local	2,885	–	–	(2,885)
Unsealed rural roads (URR) – regional	858	–	–	(858)
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	762	–	–	(762)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	1,557	821	–	(736)
Footpaths	7,924	–	1,460	(6,464)
Aerodromes	648	67	–	(581)
Other transport and communication	8,430	2,364	5,004	(1,062)
<b>Total transport and communication</b>	<b>87,386</b>	<b>12,896</b>	<b>26,675</b>	<b>(47,815)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	8,452	11,162	–	2,710
Other economic affairs	7,176	3,883	–	(3,293)
<b>Total economic affairs</b>	<b>15,628</b>	<b>15,045</b>	<b>–</b>	<b>(583)</b>
<b>Totals – functions</b>	<b>584,978</b>	<b>364,490</b>	<b>88,915</b>	<b>(131,573)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>197,787</b>		<b>197,787</b>
Share of interests – joint ventures and associates using the equity method	–	–	–	–
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>584,978</b>	<b>562,277</b>	<b>88,915</b>	<b>66,214</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

## Central Coast Council

## Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
		Wyong Shire Council	Gosford City Council	Central Coast Council	Wyong Shire Council	Gosford City Council	Central Coast Council
<b>Notional general income calculation <sup>(1)</sup></b>							
Last year notional general income yield	a	85,770	77,663	163,433	83,402	78,807	162,209
Plus or minus adjustments <sup>(2)</sup>	b	371	61	432	824	92	916
<b>Notional general income</b>	c = (a + b)	<b>86,141</b>	<b>77,724</b>	<b>163,865</b>	<b>84,226</b>	<b>78,899</b>	<b>163,125</b>
<b>Permissible income calculation</b>							
Special variation percentage <sup>(3)</sup>	d						
Or rate peg percentage	e	2.30%	2.30%	2.30%	1.50%	1.50%	2.30%
Or crown land adjustment (incl. rate peg percentage)	f						
Less expiring special variation amount	g	—	—	—	—	(2,573)	(2,573)
Plus special variation amount	h = d x (c - g)	—	—	—	—	—	—
Or plus rate peg amount	i = c x e	1,980	1,788	3,768	1,263	1,145	2,408
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—	—	—	—	—
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>88,121</b>	<b>79,512</b>	<b>167,633</b>	<b>85,489</b>	<b>77,471</b>	<b>162,959</b>
Plus (or minus) last year's carry forward total	l	59	(4)	55	344	189	533
Less valuation objections claimed in the previous year	m	(8)	—	(8)	(12)	—	(12)
<b>Sub-total</b>	n = (l + m)	<b>51</b>	<b>(4)</b>	<b>47</b>	<b>332</b>	<b>189</b>	<b>521</b>
<b>Total permissible income</b>	o = k + n	<b>88,172</b>	<b>79,508</b>	<b>167,680</b>	<b>85,821</b>	<b>77,660</b>	<b>163,480</b>
Less notional general income yield	p	87,953	79,416	167,369	85,770	77,664	163,434
<b>Catch-up or (excess) result</b>	q = o - p	<b>219</b>	<b>92</b>	<b>311</b>	<b>51</b>	<b>(4)</b>	<b>46</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	10	—	10	8	—	8
Less unused catch-up <sup>(5)</sup>	s	(31)	—	(31)	—	—	—
<b>Carry forward to next year</b>	t = q + r - s	<b>198</b>	<b>92</b>	<b>290</b>	<b>59</b>	<b>(4)</b>	<b>54</b>

## Central Coast Council

**Special Schedule 2 – Permissible income for general rates** (continued)  
for the year ended 30 June 1

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**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.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a return (FDR) to administer this process.
- (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 Special Schedule 2 in the financial data return (FDR) to administer this process.

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Central Coast Council

## Special Schedule 2 – Independent Auditors Report

for the year ended 30 June 2019

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### **Report on Special Schedule 2**

Insert here signed Independent Auditors Report

## DRAFT

## Central Coast Council

## Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	10,347	10,380
b. Engineering and supervision	3,909	7,658
<b>2. Operation and maintenance expenses</b>		
– dams and weirs		
a. Operation expenses	1,452	1,690
b. Maintenance expenses	318	652
– Mains		
c. Operation expenses	5,192	2,582
d. Maintenance expenses	4,876	7,593
– Reservoirs		
e. Operation expenses	1,257	935
f. Maintenance expenses	842	1,386
– Pumping stations		
g. Operation expenses (excluding energy costs)	771	534
h. Energy costs	1,326	1,446
i. Maintenance expenses	516	1,131
– Treatment		
j. Operation expenses (excluding chemical costs)	4,175	2,829
k. Chemical costs	1,654	1,935
l. Maintenance expenses	646	1,314
– Other		
m. Operation expenses	2,477	210
n. Maintenance expenses	325	106
o. Purchase of water	342	485
<b>3. Depreciation expenses</b>		
a. System assets	25,314	28,462
b. Plant and equipment	22	744
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	15,344	17,448
b. Revaluation decrements	2,966	–
c. Other expenses	–	3,675
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>84,071</b>	<b>93,195</b>



## DRAFT

## Central Coast Council

## Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	21,830	24,099
b. Usage charges	58,509	66,560
<b>7. Non-residential charges</b>		
a. Access (including rates)	2,137	2,703
b. Usage charges	8,079	5,983
<b>8. Extra charges</b>	–	–
<b>9. Interest income</b>	2,344	2,375
<b>10. Other income</b>	1,515	979
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	–	480
b. Grants for pensioner rebates	1,289	1,484
c. Other grants	20	76
<b>12. Contributions</b>		
a. Developer charges	5,121	8,398
b. Developer provided assets	1,745	140
c. Other contributions	234	138
<b>13. Total income</b>	<b>102,823</b>	<b>113,415</b>
<b>14. Gain (or loss) on disposal of assets</b>	–	(136)
<b>15. Operating result</b>	<b>18,752</b>	<b>20,084</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	18,752	19,604

## DRAFT

## Central Coast Council

## Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	1,745	11,460
c. Renewals	524	21,837
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	16,005	15,775
<b>18. Totals</b>	<b>18,274</b>	<b>49,072</b>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	125,472	124,720
b. Residential (unoccupied, ie. vacant lot)	1,553	1,504
c. Non-residential (occupied)	5,458	6,068
d. Non-residential (unoccupied, ie. vacant lot)	146	755
<b>23. Number of ETs for which developer charges were received</b>	1,594 ET	547 ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 2,191,684	\$ 2,571,906

## DRAFT

## Central Coast Council

## Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	15,919	22,323	38,242
b. Special purpose grants	1,260	2,352	3,612
c. Accrued leave	964	–	964
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	1,115	–	1,115
<b>26. Receivables</b>			
a. Specific purpose grants	1,328	–	1,328
b. Rates and availability charges	4,634	–	4,634
c. User charges	37,683	–	37,683
d. Other	(18)	302	284
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	1,116,777	1,116,777
b. Plant and equipment	–	42	42
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<b>62,885</b>	<b>1,141,796</b>	<b>1,204,681</b>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	7,585	1,746	9,331
<b>33. Borrowings</b>	25,920	172,515	198,435
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	5,226	528	5,754
<b>35. Total liabilities</b>	<b>38,731</b>	<b>174,789</b>	<b>213,520</b>
<b>36. NET ASSETS COMMITTED</b>	<b>24,154</b>	<b>967,007</b>	<b>991,161</b>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			954,263
<b>38. Asset revaluation reserve</b>			36,898
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<b>991,161</b>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			1,877,943
<b>42. Accumulated current cost</b> depreciation of system assets			(761,166)
<b>43. Written down current cost</b> of system assets			<b>1,116,777</b>

## DRAFT

## Central Coast Council

## Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>A Expenses and income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	6,941	8,906
b. Engineering and supervision	2,272	3,789
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	3,068	1,834
b. Maintenance expenses	1,745	4,108
– Pumping stations		
c. Operation expenses (excluding energy costs)	5,991	2,130
d. Energy costs	2,221	2,455
e. Maintenance expenses	3,925	7,079
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	6,300	9,618
g. Chemical costs	390	224
h. Energy costs	2,021	2,186
i. Effluent management	–	–
j. Biosolids management	1,852	–
k. Maintenance expenses	1,405	3,080
– Other		
l. Operation expenses	2,557	171
m. Maintenance expenses	444	1
<b>3. Depreciation expenses</b>		
a. System assets	33,255	37,160
b. Plant and equipment	30	613
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4,588	5,289
b. Revaluation decrements	10,004	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>89,007</b>	<b>88,643</b>

## DRAFT

## Central Coast Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	72,497	80,497
<b>7. Non-residential charges</b>		
a. Access (including rates)	6,820	9,247
b. Usage charges	2,490	3,073
<b>8. Trade waste charges</b>		
a. Annual fees	190	483
b. Usage charges	2,712	2,252
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	–	–
<b>10. Interest income</b>	2,577	3,129
<b>11. Other income</b>	1,275	1,265
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	–	3,864
b. Grants for pensioner rebates	1,265	1,441
c. Other grants	541	842
<b>13. Contributions</b>		
a. Developer charges	6,095	6,188
b. Developer provided assets	3,138	3,179
c. Other contributions	460	2,798
<b>14. Total income</b>	<b>100,060</b>	<b>118,258</b>
<b>15. Gain (or loss) on disposal of assets</b>	(1,196)	(3,745)
<b>16. Operating result</b>	<b>9,857</b>	<b>25,870</b>
<b>16a. Operating result (less grants for acquisition of assets)</b>	9,857	22,006

## DRAFT

## Central Coast Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	3,138	3,181
c. Renewals	19,571	23,410
d. Plant and equipment	–	–
<b>18. Repayment of debt</b>	5,068	3,675
<b>19. Totals</b>	<b>27,777</b>	<b>30,266</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	122,747	123,510
b. Residential (unoccupied, ie. vacant lot)	1,572	1,461
c. Non-residential (occupied)	5,330	5,720
d. Non-residential (unoccupied, ie. vacant lot)	136	370
<b>24. Number of ETs for which developer charges were received</b>	1,607 ET	547 ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 2,160,929	\$ 2,407,729

## DRAFT

## Central Coast Council

## Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	12,485	6,622	19,107
b. Special purpose grants	1,235	—	1,235
c. Accrued leave	1,030	—	1,030
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	87,803	—	87,803
<b>27. Receivables</b>			
a. Specific purpose grants	1,235	—	1,235
b. Rates and availability charges	12,813	—	12,813
c. User charges	343	—	343
d. Other	5,327	8,740	14,067
<b>28. Inventories</b>	—	—	—
<b>29. Property, plant and equipment</b>			
a. System assets	—	1,478,417	1,478,417
b. Plant and equipment	—	180	180
<b>30. Other assets</b>	—	—	—
<b>31. Total assets</b>	<b>122,271</b>	<b>1,493,959</b>	<b>1,616,230</b>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	—	—	—
<b>33. Creditors</b>	3,130	1,131	4,261
<b>34. Borrowings</b>	5,341	67,318	72,659
<b>35. Provisions</b>			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	5,728	965	6,693
<b>36. Total liabilities</b>	<b>14,199</b>	<b>69,414</b>	<b>83,613</b>
<b>37. NET ASSETS COMMITTED</b>	<b>108,072</b>	<b>1,424,545</b>	<b>1,532,617</b>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			1,484,797
<b>39. Asset revaluation reserve</b>			47,820
<b>40. Other reserves</b>			—
<b>41. TOTAL EQUITY</b>			<b>1,532,617</b>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			2,338,081
<b>43. Accumulated current cost</b> depreciation of system assets			(859,664)
<b>44. Written down current cost</b> of system assets			<b>1,478,417</b>

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## Central Coast Council

## Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I, PP&E decreases in FV.

**Impairment losses** (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 10a of Special Schedule 3 and item 11a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.



## Central Coast Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council <sup>a</sup>	2017/18 Required maintenance <sup>b</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	2,495	2,495	16,461	8,368	464,965	783,880	19%	37%	42%	1%	0%
	<b>Sub-total</b>	<b>2,495</b>	<b>2,495</b>	<b>16,461</b>	<b>8,368</b>	<b>464,965</b>	<b>783,880</b>	<b>19.5%</b>	<b>36.8%</b>	<b>42.3%</b>	<b>1.3%</b>	<b>0.2%</b>
Other	Other structures	244	244	500	144	22,416	33,312	43%	27%	27%	3%	0%
	<b>Sub-total</b>	<b>244</b>	<b>244</b>	<b>500</b>	<b>144</b>	<b>22,416</b>	<b>33,312</b>	<b>42.7%</b>	<b>27.4%</b>	<b>26.5%</b>	<b>3.0%</b>	<b>0.4%</b>
Roads	Sealed roads	75,003	75,003	10,156	10,931	1,077,527	1,535,455	55%	19%	18%	5%	3%
	Unsealed roads	472	472	114	123	9,129	21,843	43%	44%	10%	1%	2%
	Bridges	832	832	1,087	1,170	35,565	54,366	31%	33%	33%	3%	0%
	Footpaths	133	133	2,208	2,377	85,227	110,412	61%	35%	3%	0%	0%
	Other road assets	8,085	8,085	2,504	2,695	239,981	355,507	20%	23%	52%	3%	1%
	Bulk earthworks	–	–	–	–	367,233	367,233	0%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>84,525</b>	<b>84,525</b>	<b>16,069</b>	<b>17,297</b>	<b>1,814,662</b>	<b>2,444,815</b>	<b>41.5%</b>	<b>17.9%</b>	<b>20.0%</b>	<b>3.4%</b>	<b>2.2%</b>
Water supply network	Water supply network	19,951	19,951	25,279	17,713	1,032,515	1,786,097	23%	51%	23%	1%	2%
	<b>Sub-total</b>	<b>19,951</b>	<b>19,951</b>	<b>25,279</b>	<b>17,713</b>	<b>1,032,515</b>	<b>1,786,097</b>	<b>23.3%</b>	<b>51.0%</b>	<b>23.2%</b>	<b>0.9%</b>	<b>1.7%</b>
Sewerage network	Sewerage network	21,617	21,617	13,557	22,135	1,403,635	2,252,235	16%	68%	13%	2%	1%
	<b>Sub-total</b>	<b>21,617</b>	<b>21,617</b>	<b>13,557</b>	<b>22,135</b>	<b>1,403,635</b>	<b>2,252,235</b>	<b>16.0%</b>	<b>68.1%</b>	<b>12.9%</b>	<b>1.8%</b>	<b>1.1%</b>

## Central Coast Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council <sup>a</sup>	2017/18 Required maintenance <sup>b</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	10,564	10,564	8,224	4,638	1,011,425	1,464,883	25%	21%	52%	1%	0%
	<b>Sub-total</b>	<b>10,564</b>	<b>10,564</b>	<b>8,224</b>	<b>4,638</b>	<b>1,011,425</b>	<b>1,464,883</b>	<b>25.2%</b>	<b>21.1%</b>	<b>52.5%</b>	<b>0.8%</b>	<b>0.4%</b>
Open space/recreational	Swimming pools	–	–	231	1,204	2,848	7,684	0%	52%	48%	0%	0%
	Open Space/Recreational Assets	758	758	1,468	3,725	61,013	97,877	44%	39%	13%	4%	0%
	<b>Sub-total</b>	<b>758</b>	<b>758</b>	<b>1,699</b>	<b>4,929</b>	<b>63,861</b>	<b>105,561</b>	<b>40.4%</b>	<b>39.9%</b>	<b>15.8%</b>	<b>3.7%</b>	<b>0.1%</b>
Other	Other	1,702	1,702	624	132	24,386	41,602	19%	33%	30%	15%	3%
	<b>Sub-total</b>	<b>1,702</b>	<b>1,702</b>	<b>624</b>	<b>132</b>	<b>24,386</b>	<b>41,602</b>	<b>19.3%</b>	<b>33.4%</b>	<b>29.7%</b>	<b>14.9%</b>	<b>2.6%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>141,856</b>	<b>141,856</b>	<b>82,412</b>	<b>75,355</b>	<b>5,837,865</b>	<b>8,912,385</b>	<b>26.7%</b>	<b>39.8%</b>	<b>26.2%</b>	<b>1.9%</b>	<b>1.3%</b>

## Notes:

- a As Council has not undertaken community engagement to determine service levels, the Estimated Cost to Bring to Agreed Level of Service is equal to the Estimated Cost to bring to a satisfactory condition.
- b Required maintenance is the amount identified in Council's asset management plans.

## 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

## DRAFT

## Central Coast Council

## Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
Infrastructure asset performance indicators * consolidated				
1. Buildings and infrastructure renewals ratio <sup>(1)</sup>				
Asset renewals <sup>(2)</sup>	126,938	104.77%	142.19%	>= 100%
Depreciation, amortisation and impairment	121,154			
2. Infrastructure backlog ratio <sup>(1)</sup>				
Estimated cost to bring assets to a satisfactory standard	141,856	2.42%	2.61%	< 2.00%
Net carrying amount of infrastructure assets	5,856,904			
3. Asset maintenance ratio				
Actual asset maintenance	75,355	91.44%	109.91%	> 100%
Required asset maintenance	82,412			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	141,856	1.59%	1.74%	
Gross replacement cost	8,912,385			

## Notes

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

<sup>(1)</sup> Includes Work In Progress (WIP), as per prior years for comparative purposes only.

<sup>(2)</sup> 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.

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## Central Coast Council

## Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods 2017 2016	Benchmark
<b>Infrastructure asset performance indicators *</b>				
<b>consolidated</b>				
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>				
Asset renewals <sup>(2)</sup>	<b>87,547</b>	<b>72.26%</b>	<b>142.19%</b>	<b>&gt;= 100%</b>
Depreciation, amortisation and impairment	<b>121,154</b>			

## Notes

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

<sup>(1)</sup> Excludes Work In Progress (WIP). This is a change in methodology. Prior years calculation included capital expenditure for Work In Progress.

<sup>(2)</sup> 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.

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## Central Coast Council

# Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

<p><b>1. Buildings and infrastructure renewals ratio</b></p> <p>Ratio %</p> <p>2017 2018</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 72.26%</b></p> <p>A ratio of 1:1 indicates that the amount spent on asset renewals equals the amount of depreciation. The reduction from 2016-17 reflects a change in the calculation methodology. Work in Progress is no longer included. For comparative purposes Councils performance using the old methodology is 104.8%</p>
<p>Benchmark: — Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>2. Infrastructure backlog ratio</b></p> <p>Ratio %</p> <p>2017 2018</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 2.42%</b></p> <p>Council is committed to maintaining financial stability and decreasing the infrastructure backlog. Council has allocated funding to address the asset backlog for Council's General Fund assets within the former Wyong Local Government Area in accordance with the Special Rate Variation approved by IPART in June 2013 for the former Wyong Shire Council.</p>
<p>Benchmark: — Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>3. Asset maintenance ratio</b></p> <p>Ratio %</p> <p>2017 2018</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 91.44%</b></p> <p>Council will continue to work to improve this benchmark.</p>
<p>Benchmark: — Minimum <math>&gt; 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Ratio achieves benchmark Ratio is outside benchmark</p>	
<p><b>4. Cost to bring assets to agreed service level</b></p> <p>Ratio %</p> <p>2017 2018</p>	<p><b>Purpose of agreed service level ratio</b></p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 1.59%</b></p> <p>This is the estimated cost to return those assets currently rated at less than excellent condition, to an excellent condition. As Council has not undertaken community consultation to determine agreed service levels, this estimate is equal to the cost to bring to satisfactory.</p>

## Central Coast Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	General indicators <sup>(1)</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>139.04%</b>	196.98%	<b>0.00%</b>	89.01%	<b>0.00%</b>	80.08%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>2.93%</b>	3.52%	<b>1.93%</b>	1.48%	<b>1.54%</b>	1.52%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>81.48%</b>	120.57%	<b>70.07%</b>	90.41%	<b>163.28%</b>	102.31%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>2.06%</b>	2.50%	<b>1.12%</b>	0.87%	<b>0.96%</b>	0.96%	
Gross replacement cost							

## Notes

<sup>(1)</sup> General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

<sup>(2)</sup> Excludes Work In Progress (WIP)

<sup>(3)</sup> 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.