



EXTRAORDINARY AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

30 November 2018

Meeting Notice

**The Extraordinary Audit Risk And Improvement Committee
Meeting
of Central Coast Council
will be held in the Committee Room,
2 Hely Street, Wyong on
Friday 30 November 2018,**

for the transaction of the business listed below:

Receipt of Apologies

1 GENERAL REPORTS

1.1	Disclosures of Interest	3
1.2	Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018	5

Gary Murphy
Chief Executive Officer

Item No: 1.1
Title: Disclosures of Interest
Department: Governance



30 November 2018 Extraordinary Audit Risk and Improvement
Committee Meeting

Trim Reference: F2018/00028 - D13359002

Report Purpose

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

Section 451 of the LG Act states:

- (1) *A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) *The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
 - (a) *at any time during which the matter is being considered or discussed by the council or committee, or*
 - (b) *at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) *For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the councillor or member has an interest in the matter of a kind referred to in section 448.*
- (4) *Subsections (1) and (2) do not apply to a councillor who has a pecuniary interest in a matter that is being considered at a meeting, if:*
 - (a) *the matter is a proposal relating to:*
 - (i) *the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or*
 - (ii) *the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the*

whole or a significant part of the council's area, and

- (a1) the pecuniary interest arises only because of an interest of the councillor in the councillor's principal place of residence or an interest of another person (whose interests are relevant under section 443) in that person's principal place of residence, and*
 - (b) the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.*
- (5) The special disclosure of the pecuniary interest must, as soon as practicable after the disclosure is made, be laid on the table at a meeting of the council and must:*
- (a) be in the form prescribed by the regulations, and*
 - (b) contain the information required by the regulations.*

Further, the adopted Code of Conduct adopted by Council applies to all councillors, members of Council committees and staff. The Code relevantly provides that if a councillor, member of a Council committee or staff have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflicts of interests might be managed.

Council's Audit Risk and Improvement Committee Charter states that all supporting papers to the meeting agendas will be released to the public on Council's website, unless such release would be contrary to the public interest. It is considered that the nature or content of this report and attachments do not fall within any of the exceptions listed under Clause 6.4 of the Charter and release to the public be approved.

Recommendation

- 1 *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.***
- 2 *That the Committee make a recommendation that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.***

Attachments

Nil



Item No: 1.2
Title: Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018
Department: Finance and Information

30 November 2018 Extraordinary Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00566 - D13280528

Author: Mellissa McKee, Financial Controller
Michelle Best, Financial Controller

Manager: Vivienne Louie, Unit Manager, Financial Performance - Responsible Accounting Officer

Executive: Shane Sullivan, Acting Director Governance

Report Purpose

This report presents the draft 2017-18 Consolidated Financial Statements for Central Coast Council, which covers the period from 1 July 2017 to 30 June 2018, including analysis of the financial position and financial performance for the reporting period.

Recommendation

- 1** *That the Audit Risk and Improvement Committee recommends that Council adopt the 2017-18 Consolidated Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules.*
- 2** *That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exception, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter*

Background

Central Coast Council was formed on 12 May 2016 by the Local Government Minister's proclamation (*Local Government (Council Amalgamations) Proclamation 2016*). The first statutory period for Central Coast Council covered the period 13 May 2016 to 30 June 2017 (13.5 months). 2017-18 is the second statutory reporting period for Central Coast Council and covers the period 1 July 2017 to 30 June 2018. It should be noted therefore, that when undertaking comparative analysis that the two statutory reporting periods cover 13.5 months compared to 12 months respectively.

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

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

- Council form an opinion on the financial statements
- Council present its audited financial statements together with the external auditor's reports (scheduled to be presented to Council on 10 December 2018).

Adoption of financial statements

The financial statements for the 2017-18 reporting period are the formal record of the business performance of all Council activities and are prepared in accordance with accounting standards and legislative requirements for the period from 1 July 2017 to 30 June 2018.

Council is required to formally resolve to refer the draft financial statements to audit and then at a later date to formally present (to the Community) the final statements complete with the auditor's reports.

Following the Council meeting on 26 November 2018 and after the audit clearance meeting scheduled for the 29 November 2018, Council's external auditor, The Audit Office of New South Wales ("Audit Office") will sign-off and hand the formal audit opinion to Council. This is the standard practice and in accordance with these requirements.

Current Status

Audit Status

The draft 2017-18 consolidated financial statements do not yet include a formal audit report. The audit clearance meeting for Council's financial statements is scheduled for the 29 November 2018 with the Audit Office and its contractor PricewaterhouseCoopers (PwC).

Once Council receives the formal audit opinion the financial statements will then be updated to include the audit opinions and notice of public meeting to be held on 10 December 2018, at which time Council can invite the external auditor, James Sugumar of the Audit Office, or his delegate to formally present the report.

Analysis – 2017-18 Financial Statements

This analysis aims to provide an overview of the financial performance and the financial position of Central Coast Council for the reporting period from 1 July 2017 to 30 June 2018. Key statements and notes detailed in this analysis include:

- Income statement
- Statement of financial position
- Statement of performance measures (Note 24 to the financial statements)
- Report on infrastructure assets (Special Schedule 7)

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

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

In this report the general purpose financial statements, special purpose financial statements and special schedules for the consolidated entity are referred to as "Consolidated Financial Statements".

Council is required to publish in the Consolidated Financial Statements the 2017-18 original budget, in line with the Local Government Code of Accounting Practice and Financial Reporting update number 26 issued in April 2018. To provide context for the actual results for the reporting period, the tables in this report also reference the original budget for 2017-18.

This report provides commentary on significant items in the financial statements for Central Coast Council.

Consolidated Financial Statements

For 2017-18 Council continued to focus on delivery of services and infrastructure with minimal disruption to the community as a result of the amalgamation and aligning processes and systems. Council implemented a new Enterprise Resource Planning (ERP) application as part of the continual review and alignment of processes and systems.

The comparison of the financial performance for Central Coast Council from the first statutory reporting period (13 May 2016 to 30 June 2017 – 13.5 months) to the 2017-18 financial year (1 July 2017 to 30 June 2018 – 12 months) is difficult due to the different time frames covered in the reporting periods and the accounting treatment for some income between Central Coast Council and the former Councils at the date of amalgamation. A summary of the impact of the first statutory reporting period is reflected in the table below.

	2017-18 Financial Year	2016-17 Statutory Reporting Period
Reporting Period Covers	1 July 2017 to 30 June 2018	13 May 2016 to 30 June 2017
Operating Income with the exception of:	12.0 months	13.5 months
- Rates	12.0 months	12.0 months
- Operating Grants - Financial Assistance Grant	12.0 months	12.0 months
Operating Expenditure	12.0 months	13.5 months
Capital Income	12.0 months	13.5 months

Operating Result

	2017-18 Actual \$'000	2016-17¹ Actual \$'000
Income from operations	562,277	633,429
Expenditure from operations	584,978	567,996
Operating result for continuing operations (excluding capital grants and contributions)	(22,701)	65,433
Gain on local government amalgamation (net assets transferred from former Councils)		6,704,827
Operating result for the period (excluding capital grants and contributions)	(22,701)	6,770,260
Income from capital grants and contributions	88,915	90,270
Net operating result (including capital grants and contributions)	66,214	6,860,530

¹ 2016-17 report period is from 13 May 2016 to 30 June 2017.

The operating deficit before capital grants and contributions for the 2017-18 financial year is \$22.7 million which is attributable to the revaluation decrement in operational land of \$35.2 million. The operating result including capital grants and contributions (of \$88.9 million) is \$66.2 million.

During the 2017-18 financial year Council undertook a revaluation of buildings and operational land. An external Valuer was engaged to perform the valuation in accordance with Australian Accounting Standards and the Office of Local Government Code of Accounting Practice and Financial Reporting – Update No. 26. The impact of the revaluation is an increase to the value of Council’s buildings of \$59.4 million (which is reflected in the asset revaluation reserve in the Statement of Financial Position) and a decrease to the value of Council’s operating land of \$35.2 million (which is reflected in the Income Statement as there is no asset revaluation reserve balance to reflect the decrease in the operating land value – this is in accordance with Australian Accounting Standards).

Central Coast Council does not have a balance in the asset revaluation reserve for land as the value of all assets and liabilities from the former Councils was transferred to Central Coast Council on 13 May 2016 and recognised as a gain on local government amalgamation via the Income Statement. The movement in the value of buildings and operational land is based on the assessed fair value as at 30 June 2018 and represents an unrealised gain or loss in value.

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

If we exclude the revaluation decrement the operating result for the 2017-18 financial year before capital grants and contributions is \$12.5 million surplus. For further details please refer to page 4 of the General Purpose Financial Statements.

Income Statement	2017-18 Financial Year \$'000	2016-17 Statutory Reporting Period \$'000
Net Operating Result for the Period	66,214	6,860,530
Less: Adjustment for net assets transferred from former Councils		6,704,827
Less: Adjustment for Capital Grants and Contributions	88,915	90,270
Net Operating Surplus/(Deficit) for the Period before capital grants and contributions and gain on amalgamation	(22,701)	65,433
Add back the adjustment for revaluation decrement of Infrastructure, Property, Plant & Equipment (IPP&E) - Land	35,221	
Net Operating Surplus/(Deficit) for the Period before capital grants and contributions, gain on amalgamation and revaluation decrement of land	12,520	65,433

Below is a table comparing the 2017-18 actual results to the original budget adopted.

Income Statement	2017-18 Actual \$'000	2017-18 Original Budget \$'000	Variance to Original Budget Favourable / Unfavourable \$'000
Income from operations	562,277	552,915	9,362
Expenditure from operations	584,978	550,976	(34,002)
Net operating result (excluding capital grants and contributions)	(22,701)	1,939	(24,640)
Income from capital grants and contributions	88,915	28,150	60,765
Net operating result (including capital grants and contributions)	66,214	30,089	36,125

When we exclude the revaluation decrement the variance between the actual net operating result (excluding capital grants and contributions) of \$12.5 million and the original budgeted net operating result (excluding capital grants and contributions) of \$1.9 million is a \$10.6 million favourable variance.

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

Income from Operations

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

Income from Operations	2017-18 Actual \$'000	2017-18 Original Budget \$'000	Variance to Original Budget Favourable / Unfavourable \$'000	Variance to Original Budget Favourable / Unfavourable %
Rates and Annual Charges	348,469	344,011	4,458	1.30%
User Charges and Fees	139,198	131,883	7,315	5.55%
Interest and Investment Revenue	13,635	10,156	3,479	34.26%
Other Revenues	16,361	13,409	2,952	22.02%
Grants and Contributions - Operating	44,614	43,456	1,158	2.66%
Grants and Contributions - Capital	88,915	28,150	60,765	215.86%
Net Gain from the Disposal of Assets	-	10,000	(10,000)	(100.0%)
Total Income	651,192	581,065	70,127	12.07%

Rates and annual charges

The favourable variance of \$4.5 million for rates and annual charges is largely attributable to water and sewer annual charges of \$3.4 million and \$1.2 million of non-domestic waste annual charges.

User charges and fees

The favourable variance of \$7.3 million for user fees and charges is largely attributable to non-residential water usage charges of \$4.0 million, \$4.6 million in roads, transport and drainage fees and \$2.4 million in development application fees which is offset by lower than expected tipping fees of \$2.7 million and fees charged at Council's Leisure Centres and Pools of \$0.9 million.

Interest and investment revenue

The favourable variance of \$3.5 million for interest and investment revenue is attributable to tighter cash flow management and higher cash and investment balances.

Other revenue

The favourable variance of \$3.0 million for other revenue is attributable to revenue from events at Central Coast Stadium of \$0.6 million, income from fines of \$0.6 million, \$0.6 million from waste services and \$0.9 million from roads and drainage.

Grants and contributions - Operating

The \$1.2 million favourable variance to operating grants and contributions income is largely attributable to the prepayment of the Financial Assistance Grant (FAG). For a number of years the FAG has been prepaid in each financial year. In the financial statements for the 2016-17 statutory reporting period a prepayment of the 2017-18 FAG of \$12.5 million was reported as the payment was received in June 2017. In June 2018 a prepayment of the 2018-19 FAG of \$13.1 million was received and is reflected in the 2017-18 financial statements.

Grants and contributions - Capital

The \$60.8 million favourable variance in capital grants and contributions income is largely attributable to additional confirmed capital grant and contributions.

For capital grants the budget is only included when Council has confirmed grant funding. During the year as part of the quarterly budget reviews additional grant funding is brought into the revised budget for Council. Additional capital grants and contributions for Roads, Transport and Drainage of \$27.9 million, \$6.3 million for Open Space and Recreation and \$3.7m within Natural and Environmental Assets (including emergency services).

For capital contributions budget estimates are based on developments in the pipeline – the timing of capital contributions will be dependent on the progress of each development which makes budgeting for capital contributions difficult. For developer contributions collected under the *Environmental Planning and Assessment Act 1979* Council collected an additional \$11.6 million to what was originally budgeted. Developer contributions collected under the *Local Government Act 1993* for water and sewer infrastructure an additional \$9.4 million was collected during the 2017-18 financial year compared to the original budget.

Net Gain from the Disposal of Assets

Variance in this income line is because the planned land sales for the 2017-18 financial year were not completed.

Expenditure from Operations

The following table shows expenditure by category and is followed by explanations relating to variations between actual expenses compared to the 2017-18 original budget.

Expenditure from Operations	2017-18 Actual \$'000	2017-18 Original Budget \$'000	Variance to Original Budget Favourable / Unfavourable \$'000	Variance to Original Budget Favourable / Unfavourable %
Employee benefits and on-costs	185,940	182,009	(3,931)	(2.16%)
Borrowing costs	20,663	20,222	(441)	(2.18%)
Materials and contracts	112,667	123,615	10,948	8.86%
Depreciation and amortisation	139,380	125,753	(13,627)	(10.84%)
Other expenses	87,278	99,377	12,099	12.17%
Net losses from the disposal of assets	3,829	0	(3,829)	N/A
Revaluation decrement / impairment of IPP&E	35,221	0	(35,221)	N/A
Total Expenditure	584,978	550,976	(34,002)	(6.2%)

Employee costs

Employee costs remain Council's largest expenditure type representing one third of operational costs. The unfavourable variance of \$3.9 million in employee costs is attributable to additional payroll tax of \$0.5 million and less capitalised employee costs.

Borrowing costs

The unfavourable variance of \$0.4 million is attributable to interest expense from the discount for the tip remediation.

Materials and contracts

The favourable variance of \$10.9 million in materials and contracts is largely attributable to materials with an underspend of \$8.1 million and \$0.9 million for the purchase of minor plant & equipment costing less than \$1,000.

Depreciation

Depreciation is a "non-cash" expense reflecting the economic use of fixed assets. Depreciation and amortisation expense is unfavourable to budget due to the impact of reviewing and adjusting useful lives for Plant & Fleet and Office Equipment of \$2.9 million and \$1.6 million respectively. The Roads, Transport and Drainage department has delivered more capital works which has increased depreciation by \$2.8 million over the original budget.

Other expenses

The favourable variance of \$12.1 million in other expenses is attributable to lower EPA waste levy payments of \$4.1m due to a reduction in tipping revenue, \$2.5 million in software expenditure, \$3.9m for insurance costs based on savings for premiums and fewer insurance claims.

Net losses on disposal of assets

The net losses on disposal of assets is largely attributable to retiring buildings that have been demolished.

Revaluation decrement / impairment of IPP&E

The unfavourable variance of \$35.2 million in revaluation decrement of Infrastructure, Property, Plant and Equipment (IPP&E) 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 to offset the revaluation decrement. All assets transferred from the former Councils on amalgamation were recognised at the new value of the assets transferred via the Income Statement in the 2016-17 statutory reporting period.

Statement of Financial Position

The Statement of Financial Position, also commonly known as the Balance Sheet, lists the best estimate of the value of what Council owns ("assets") and what Council owes ("liabilities").

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

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

Statement of Financial Position	30 June 2018 \$'000	30 June 2017 \$'000	Movement \$'000
Assets			
Current Assets	289,108	417,838	(128,730)
Non-Current Assets	7,289,614	6,969,968	319,646
Total Assets	7,578,722	7,387,806	190,916
Liabilities			
Current Liabilities	195,166	153,469	(41,697)
Non-Current Liabilities	306,874	340,346	33,472
Total Liabilities	502,040	493,815	(8,225)
Net Assets			
Retained Earnings	6,926,744	6,860,530	66,214
Revaluation Reserve	149,938	33,461	116,477
Net Equity	7,076,682	6,893,991	182,691

Current assets

Current assets decreased by \$128.8 million due to a reduction in current investments. The reduction in current investments of \$188.3 million is offset by an increase in non-current investments by \$196.0 million. Cash and cash equivalents increased by \$56.9 million during the 2017-18 financial year.

Non-current assets

Non-current assets increased by \$319.6 million, which is predominantly due to an increase in non-current investments of \$196.0 million, Infrastructure, Property, Plant and Equipment of \$114.9 million and Intangible assets of \$8.7 million.

Water supply network and sewerage network assets have been indexed by 2.1% in accordance with Rates Reference Manual issued by Crown Lands and Water (CLAW) resulting in an increase in the asset value by \$46.5 million. Buildings were revalued during the year, resulting in an increase to the asset value of \$59.4 million. Operational Land was also revalued during the year, with a reduction to the carrying value of \$35.2 million. Increase in tip assets of \$10.5 million for the recognition of the make good asset for tip remediation.

Council's overall investment portfolio as at 30 June 2018 totalled \$417.2 million compared to \$409.5 million at 30 June 2017.

Current Liabilities

Current liabilities increased by \$41.7 million due primarily to an increase in payables of \$26.9 million, current borrowings of \$9.0 million and current provisions of \$6.2 million.

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

Non-Current Liabilities

Non-current liabilities decreased by \$33.5 million largely due to repayment of borrowings and movement to current liabilities. Consolidated external debt stood at \$264.9 million at 30 June 2018.

Statement of Performance Measurement (Note 24(a))

Note 24 (a) Statement of Performance Measures – includes various indicators mandated by the Office of Local Government (OLG). The following indicators provide a ‘snap shot’ of financial performance and comparability between councils. Council has exceeded the OLG benchmark for the reporting period ended 30 June 2018 with the exception of the Unrestricted Current Ratio and Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage.

Local Government Industry Indicators	2017-18	OLG Benchmark	Result
Operating Performance Ratio	2.91%	> 0.00%	✓
Own Source Operating Revenue Ratio	79.49%	> 60.00%	✓
Unrestricted Current Ratio	1.45	> 1.50x	✗
Debt Service Cover Ratio	3.95x	> 2.00x	✓
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	7.82%	< 5.00%	✗
Cash Expense Cover Ratio	12.03	> 3 months	✓

The “target” figures for the indicators reported represent the OLG’s benchmarks. In evaluating performance against these targets consideration should be given to Council’s situation as a multi-purpose authority with continuing and significant green field development.

Operating Performance Ratio - measures how well Council contained operating expenditure within operating revenue

Own Source Operating Revenue Ratio - measures Council’s fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions.

Unrestricted Current Ratio – measures the adequacy of working capital and Council’s ability to satisfy obligations in the short term for the unrestricted activities of Council.

Council’s investment portfolio has moved from current to non-current during the year impacting this ratio. Council has sufficient current cash and investments to meet Council’s short-term obligations as they fall due.

	2017-18 Financial Year \$'000	2016-17 Statutory Reporting Period \$'000	Movement \$'000
Cash and Cash Equivalents	59,502	2,597	56,905
Current Investments	138,453	326,765	(188,312)
Non-Current Investments	278,750	82,750	196,000
Total Cash & Investments	476,705	412,112	64,593

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

Debt Service Cover Ratio - measures the availability of operating cash to service debt including interest, principal and lease payments

Rate and annual charges outstanding ratio - assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

Council staff will work with our ratepayers on financially affordable payment plans in accordance with the Policy for Debt Recovery and Hardship to move towards achieving industry benchmark for this measure.

Cash Expense Cover Ratio - this liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

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

The report on infrastructure assets (also known as Special Schedule 7) provides information on Council's assets in addition to that contained in Note 9 Infrastructure, Property, Plant and Equipment. The nature of the information in the report on infrastructure assets is related to the condition, maintenance and renewal of infrastructure assets. It should be noted that this is not an audited schedule.

Special Schedule 7 - Report on Infrastructure Assets	Estimated Cost to bring to satisfactory 2017-18 \$M	Required Annual Maintenance Expense \$M	Actual Annual Maintenance Expense \$M	Annual Maintenance over / (under) \$M
Buildings	2,495	16,461	8,368	(8,093)
Other Structures	244	500	144	(356)
Roads	84,525	16,069	17,297	1,228
Water Supply Network	19,951	25,279	17,713	(7,566)
Sewerage Network	21,617	13,557	22,135	8,578
Stormwater Drainage	10,564	8,224	4,637	(3,587)
Open Space / Recreational	758	1,698	4,929	3,231
Other Assets	1,702	624	132	(492)
Total	141,856	82,412	75,355	(7,057)

Estimated cost to bring assets to a satisfactory standard

The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard. Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate". Satisfactory standard does not reflect any changes in functionality the Community may now require since the asset was purchased or constructed.

This estimated cost is a measure of the funding gap, also known as the infrastructure backlog.

1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 (contd)

Funds received from the Special Rate Variation in the former Wyong local government area is allocated to asset backlog projects identified during the Special Rate Variation application to IPART. Council remains committed to maintaining financial sustainability and decreasing the infrastructure backlog.

Estimated cost to bring to the agreed service level set by Council

As Council has not undertaken community engagement to determine service levels, the estimated cost to bring to the agreed level of service set by Council is equal to the estimated cost to bring assets to a satisfactory standard.

Required annual maintenance expense

The required annual maintenance expense is "what should be spent to maintain assets in a satisfactory standard". The expenditure is to ensure that the asset reaches its estimated useful life. This expenditure is considered an operating expense.

Actual maintenance

Actual maintenance is the amount spent in the current year to maintain the assets. This may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.

Asset condition

Asset condition assessment is the process of continuous or periodic inspection, assessment, measurement and interpretation of the data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Infrastructure asset performance indicators

The Office of Local Government has a number of prescribed indicators in relation to infrastructure asset management, as presented in the table below.

Infrastructure Asset Performance Indicators	2017-18	OLG Benchmark	Result
Building, infrastructure and Other Structures Renewals Ratio (excluding WIP)	72.26%	> 100.00%	✗
Building, infrastructure and Other Structures Renewals Ratio (including WIP)	104.77%	> 100.00%	✓
Infrastructure Backlog Ratio	2.42%	< 2.00%	✗
Asset Maintenance Ratio	91.44%	> 1	✗
Cost to bring assets to agreed service level	1.59%		

Building and infrastructure renewal ratio - assesses the rate at which these assets are being renewed against the rate at which they are depreciating.

For the 2017-18 financial year there has been a change in the calculation for the buildings and infrastructure renewals ratio as asset renewals no longer include Work In Progress (WIP). As part of the transition we have provided two calculations for comparative purposes:

- 104.77% including WIP compared to the benchmark of 100.00%. 2016-17 ratio has been calculated using this method based on the prior year Code of Accounting Practice and Financial Reporting

b) 72.26% excluding WIP compared to the benchmark of 100.00%

Infrastructure Backlog Ratio - shows what proportion the backlog is against the total value of a Council's infrastructure.

Whilst this ratio at 2.42% exceeds the OLG benchmark of < 2.00% there has been an improvement from 30 June 2017 where the ratio was at 2.61%.

Asset maintenance ratio - compares actual annual maintenance against required annual asset maintenance. A ratio of above 100.00% indicates that the Council is investing enough funds within the year to stop the infrastructure backlog from growing.

For 2017-18 the asset maintenance ratio has dropped below the 100.00% benchmark to 91.44%. Council is focussed on asset management and will continue to work to improve on all infrastructure asset performance indicators.

Cost to bring assets to agreed service level - provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

This ratio has decreased to 1.59% as at 30 June 2018 from 1.74% as at 30 June 2017.

Attachments

1 Central Coast Council Draft 2017-18 Consolidated Financial Statements D13395802

DRAFT

Central Coast Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018

DRAFT**Central Coast Council****General Purpose Financial Statements**
for the year ended 30 June 2018

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	105
– On the Conduct of the Audit (Sect 417 [3])	XXX

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 2250
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.

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Central Coast Council

General Purpose Financial Statements

for the year ended 30 June 2018

Understanding Council's financial statements

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.

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

for the year ended 30 June 2018

Statement by Councillors and Managementmade 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.**

Jane Smith
Mayor

Chris Holstein
Deputy Mayor

Gary Murphy
General Manager

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
Income from continuing operations				
<i>Revenue:</i>				
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	88,815	90,270
<i>Other income:</i>				
10,000	Net gains from the disposal of assets	5	—	—
581,065	Total income from continuing operations		651,192	723,699
Expenses from continuing operations				
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	139,390	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	—
550,976	Total expenses from continuing operations		584,978	567,996
30,089	Operating result from continuing operations		66,214	155,703
30,089	Net operating result for the year		66,214	155,703
Gain on local government amalgamation				
—	Net assets transferred from former councils		—	6,704,827
30,089	Net result for the period		66,214	6,860,530
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

This statement should be read in conjunction with the accompanying notes.

page 4

DRAFT

Central Coast Council

Statement of Comprehensive Income

for the year ended 30 June 2018

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

DRAFT

Central Coast Council

Statement of Financial Position
as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	59,502	2,587
Investments	6b	138,453	328,765
Receivables	7	88,115	84,912
Inventories	8	1,431	1,417
Other	8	3,607	2,147
Total current assets		289,108	417,838
Non-current assets			
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
Total non-current assets		7,289,614	6,969,968
TOTAL ASSETS		7,578,722	7,387,806
LIABILITIES			
Current liabilities			
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
Total current liabilities		195,166	153,469
Non-current liabilities			
Income received in advance	11	10,189	9,421
Borrowings	11	231,867	264,861
Provisions	12	64,818	65,064
Total non-current liabilities		306,874	340,346
TOTAL LIABILITIES		502,040	493,815
Net assets		7,076,682	6,893,991
EQUITY			
Accumulated surplus	13	6,826,744	6,860,530
Revaluation reserves	13	149,938	33,461
Total equity		7,076,682	6,893,991

This statement should be read in conjunction with the accompanying notes.

page 6

Central Coast Council

DRAFT

Financial Statements 2018

Statement of Changes in Equity
for the year ended 30 June 2018

	2018			18/5/18		
	Accumulated surplus	revaluation reserve	Total equity	to 30/6/17 Accumulated surplus	IPPAE revaluation reserve	Total equity
\$ '000						
Opening balance	6,860,530	33,461	6,893,991	--	--	--
Net operating result for the year as reported in the 2017 financial statements	66,214	--	66,214	6,860,530	--	6,860,530
Net operating result for the year	66,214	--	66,214	6,860,530	--	6,860,530
Other comprehensive income						
– Gain (loss) on revaluation of IPP&E	–	116,477	116,477	--	33,461	33,461
Other comprehensive income	--	116,477	116,477	--	33,461	33,461
Total comprehensive income (old)	66,214	116,477	182,691	6,860,530	33,461	6,893,991
Equity – balance at end of the reporting period	6,926,744	149,938	7,076,682	6,860,530	33,461	6,893,991

This statement should be read in conjunction with the accompanying notes.

DRAFT**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
Cash flows from operating activities				
<u>Receipts:</u>				
343,973			348,295	394,896
132,472			139,158	132,658
10,153			14,331	12,073
71,612			130,554	146,414
-			1,288	2,266
13,502			38,061	80,242
<u>Payments:</u>				
(105,414)			(179,917)	(189,928)
(103,636)			(108,092)	(128,940)
(20,188)			(19,391)	(27,998)
(16)			-	-
(97,412)			(99,604)	(108,059)
165,046		14b	264,683	320,646
 Cash flows from investing activities				
<u>Receipts:</u>				
314,915			326,785	297,500
10,000			3,108	7,569
-			2	2
<u>Payments:</u>				
(275,000)			(334,453)	(431,804)
(189,121)			(179,224)	(190,599)
(139,206)			(183,802)	(317,332)
 Cash flows from financing activities				
<u>Receipts:</u>				
Nil				
<u>Payments:</u>				
(25,837)			(23,976)	(28,367)
(25,837)			(23,976)	(28,367)
3			56,905	(25,053)
 Plus: cash and cash equivalents – beginning of period				
2,597		14a	2,597	-
-			-	27,650
2,600		14a	59,502	2,597
 Additional Information:				
plus: Investments on hand – end of year				
		6b	417,203	409,515
Total cash, cash equivalents and investments			476,705	412,112

This statement should be read in conjunction with the accompanying notes.

page 8

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	15
2(b)	Council functions/activities – component descriptions	16
3	Income from continuing operations	18
4	Expenses from continuing operations	25
5	Gains or losses from the disposal of assets	32
6(a)	Cash and cash equivalent assets	33
6(b)	Investments	33
6(c)	Restricted cash, cash equivalents and investments – details	35
7	Receivables	37
8	Inventories and other assets	39
9	Infrastructure, property, plant and equipment	40
10	Intangible assets	43
11	Payables and borrowings	44
12	Provisions	47
	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	51
13	Statement of cash flows – additional information	51
14	Interests in other entities	52
15	Commitments for expenditure	54
16	Contingencies and other liabilities/assets not recognised	56
17	Financial risk management	58
18	Material budget variations	62
19	Fair value measurement	64
20	Related party transactions	76
21	Statement of developer contributions	79
22	Financial result and financial position by fund	96
23(a)	Statement of performance measures – consolidated results	99
23(b)	Statement of performance measures – by fund	100
	Additional council disclosures (unaudited)	
23(c)	Statement of performance measures – consolidated results (graphs)	103
24	Council information and contact details	104

DRAFT

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.

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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.

Moneys 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.

DRAFT

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	<i>AASB 9 Financial Instruments and Associated Amending Standards</i>
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"> • 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 • Expected credit losses that result from all possible default events over the life of the financial instrument.
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	<i>AASB 15 Revenue from Contracts with Customers, and associated amending standards</i>
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>

DRAFT

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	AASB 1058 Income of Not-For-Profit Entities
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"> • Contributions by owners (AASB 1004) • Revenue or contract liability (AASB 15) • A lease liability (AASB 16 <i>Leases</i>) • A financial instrument (AASB 9) • A provision (AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>) <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	AASB 16 Leases
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>

DRAFT

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>

DRAFT

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* -----		
EXPENSES					
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 \$2.9 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 \$3.6 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.					
Budget variations relating to Council's Cash Flow Statement include:					
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 Councils 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)	(23,676)	1,881	(7.2%)	F

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.

DRAFT

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
(a) Rates and annual charges		
Ordinary rates		
Residential	135,337	132,139
Farmland	756	803
Mining	911	894
Business	19,158	18,572
Total ordinary rates	158,162	152,408
Special rates		
Town improvement	1,305	1,252
Parking	187	179
Tourism / business development	1,463	1,417
Emergency / beach services	-	2,577
Stormwater	-	1,748
Total special rates	2,955	7,173
Annual charges (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	88,884
Drainage	17,583	19,583
Waste management services (non-domestic)	4,088	4,375
Section 611 charges	96	125
Liquid trade waste	190	205
Total annual charges	189,352	211,644
TOTAL RATES AND ANNUAL CHARGES	348,469	371,225

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 purpose 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) User charges and fees		
Specific user charges (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
Total specific user charges	69,061	76,516
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
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	601
Section 603 certificates	779	976
Town planning	486	568
Other	394	136
Total fees and charges – statutory/regulatory	11,814	14,585
(ii) Fees and charges – other (incl. general user charges (per s.608))		
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	989	1,609
Total fees and charges – other	58,323	59,957
TOTAL USER CHARGES AND FEES	139,198	151,058

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
(c) Interest and investment revenue (including losses)			
Interest			
– Overdue rates and annual charges (incl. special purpose rates)		1,724	1,951
– Cash and investments		11,699	12,183
– Other		11	17
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		–	(187)
Amortisation of premiums and discounts			
– Interest free (and interest reduced) loans provided		2	2
Other		199	130
TOTAL INTEREST AND INVESTMENT REVENUE		<u>13,635</u>	<u>14,096</u>

Interest revenue is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	1,724	1,951
General Council cash and investments	5,012	7,267

Restricted investments/funds – external:

Development contributions		
– Section 7.11	3,618	2,205
– Section 64	1,998	1,393
Domestic waste management operations	1,283	1,280

Total interest and investment revenue recognised	<u>13,635</u>	<u>14,096</u>
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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
(d) Other revenues		
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	1,058	245
Landfill gas royalty payment	384	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
TOTAL OTHER REVENUE	16,361	16,815

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
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	10,576	20,003	–	–
Financial assistance – local roads component	2,122	4,159	–	–
Payment in advance – future year allocation				
Financial assistance – general component	10,857	10,340	–	–
Financial assistance – local roads component	2,207	2,134	–	–
Other				
Pensioners' rates subsidies – general component	2,228	2,382	–	–
Total general purpose	27,990	39,018	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	1,269	1,484	–	–
– Sewerage	1,265	1,441	–	–
– Domestic waste management	1,231	1,408	–	–
Sewerage services	–	–	–	3,984
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	188	–	–
Library	777	890	53	188
LIRS subsidy	1,025	1,557	–	–
New council implementation fund	–	10,000	–	–
Recreational facilities	9	32	9,483	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	198	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
Total specific purpose	10,755	27,153	29,045	31,385
Total grants	38,775	66,171	29,045	31,385
Grant revenue is attributable to:				
– Commonwealth funding	774	2,707	20,838	11,737
– State funding	37,954	63,239	8,162	19,648
– Other funding	47	225	45	–
	38,775	66,171	29,045	31,385

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
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
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		–	–	498	1,859
Total developer contributions – cash		–	–	39,385	39,397
Total developer contributions	22	–	–	39,385	39,397
Other contributions:					
Cash contributions					
Bushfire services		14	538	–	–
Business development		–	–	1,500	830
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		1,807	2,081	–	–
Water supplies (excl. section 64 contributions)		–	–	111	68
Land		–	–	1,015	–
Other		213	617	341	448
Total other contributions – cash		5,839	14,064	11,037	19,488
Non-cash contributions					
Dedications – subdivisions (other than by s7.11)		–	–	9,450	–
Total other contributions – non-cash		–	–	9,450	–
Total other contributions		5,839	14,064	20,487	19,488
Total contributions		5,839	14,064	59,870	58,885
TOTAL GRANTS AND CONTRIBUTIONS		44,614	80,235	88,915	90,270

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

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
(a) Employee benefits and on-costs		
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	16,628	18,722
Workers' compensation insurance	2,084	4,505
Fringe benefit tax (FBT)	481	388
Payroll tax	2,808	2,028
Training costs (other than salaries and wages)	2,042	1,285
Other	1,270	1,747
Total employee costs	196,790	205,799
Less: capitalised costs	(10,850)	(18,725)
TOTAL EMPLOYEE COSTS EXPENSED	185,940	187,074

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) Borrowing costs			
(i) Interest bearing liability costs			
Interest on overdraft		–	9
Interest on loans		18,841	22,974
Other debts		141	548
Total interest bearing liability costs expensed		18,982	23,531
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	12	1,681	1,804
Total other borrowing costs		1,681	1,604
TOTAL BORROWING COSTS EXPENSED		20,663	25,135

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
(c) Materials and contracts		
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	7,903
Auditors remuneration ⁽²⁾	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 ⁽¹⁾	1,028	1,600
TOTAL MATERIALS AND CONTRACTS	112,667	124,465

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
	1,028	1,600

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)		
2. Auditor remuneration		
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		
Auditors of the Council – NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	398	250
Other audit and assurance services	168	–
Remuneration for audit and other assurance services	<u>566</u>	<u>290</u>
Total Auditor-General remuneration	<u>566</u>	<u>290</u>
Non NSW Auditor-General audit firms:		
(i) Audit and other assurance services		
Audit of regulatory returns	3	5
Remuneration for audit and other assurance services	<u>3</u>	<u>5</u>
(ii) Non-assurance services		
Other tax services	–	5
Other services	53	247
Remuneration for non-assurance services	<u>53</u>	<u>252</u>
Total remuneration of non NSW Auditor-General audit firms	<u>56</u>	<u>257</u>
Total Auditor remuneration	<u>612</u>	<u>547</u>

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:

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable 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	30/06/16	–	467,665	–	467,665
Community land	12/05/16	–	–	346,336	346,336
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	30/06/16	–	–	464,985	464,985
Other structures	12/05/16	–	–	22,416	22,416
Roads	12/05/16	–	–	1,326,636	1,326,636
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	–	–	24,366	24,366
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

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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.

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
(e) Other expenses			
Advertising		1,726	1,609
Bad and doubtful debts		763	731
Bank charges		1,333	1,220
Commissions		2,783	2,587
Computer software charges		8,058	2,513
Contributions/levies to other levels of government			
– Department of planning levy		–	231
– Emergency services levy		–	2,083
– NSW fire brigade levy		2,592	1,288
– NSW rural fire service levy		1,209	607
– Waste levy		27,035	30,768
– 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		82	–
– 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		9,883	12,541
Gas charges		538	–
Insurance		2,977	3,277
Licences		395	325
Postage		1,151	841
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
TOTAL OTHER EXPENSES		87,278	78,850

Accounting policy for other expenses

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

DRAFT

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
Property (excl. investment property)	9		
Proceeds from disposal – property		–	4,438
Less: carrying amount of property assets sold/written off		<u>(3,541)</u>	<u>(2,067)</u>
Net gain/(loss) on disposal		<u>(3,541)</u>	<u>2,351</u>
Plant and equipment	9		
Proceeds from disposal – plant and equipment		1,763	3,131
Less: carrying amount of plant and equipment assets sold/written off		<u>(1,176)</u>	<u>(2,902)</u>
Net gain/(loss) on disposal		<u>587</u>	<u>229</u>
Infrastructure	9		
Less: carrying amount of infrastructure assets sold/written off		–	(4,837)
Net gain/(loss) on disposal		<u>–</u>	<u>(4,837)</u>
Financial assets ⁽¹⁾	9		
Proceeds from disposal/redemptions/maturities – financial assets		326,765	–
Less: carrying amount of financial assets sold/redeemed/matured		<u>(326,765)</u>	<u>–</u>
Net gain/(loss) on disposal		<u>–</u>	<u>–</u>
Operational Land	9		
Proceeds from disposal – Operational Land		1,340	–
Less: carrying amount of Operational Land assets sold/written off		<u>(750)</u>	<u>–</u>
Net gain/(loss) on disposal		<u>590</u>	<u>–</u>
Stormwater Drainage	9		
Less: carrying amount of Stormwater Drainage assets sold/written off		<u>(207)</u>	<u>–</u>
Net gain/(loss) on disposal		<u>(207)</u>	<u>–</u>
Sewerage Network	9		
Less: carrying amount of Sewerage Network assets sold/written off		<u>(1,196)</u>	<u>–</u>
Net gain/(loss) on disposal		<u>(1,196)</u>	<u>–</u>
Office Equipment	9		
Less: carrying amount of Office Equipment assets sold/written off		<u>(67)</u>	<u>–</u>
Net gain/(loss) on disposal		<u>(67)</u>	<u>–</u>
Library Books	9		
Proceeds from disposal – Library Books		5	–
Net gain/(loss) on disposal		<u>5</u>	<u>–</u>
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		<u>(3,829)</u>	<u>(2,257)</u>

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
Cash and cash equivalents		
Cash on hand and at bank	9,451	2,222
Cash-equivalent assets		
– Deposits at call	50,051	375
Total cash and cash equivalents	59,502	2,597

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
Investments				
a. 'Held to maturity'	138,453	278,750	326,765	82,750
Total investments	138,453	278,750	326,765	82,750
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	197,955	278,750	329,362	82,750
Held to maturity investments				
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
Total	138,453	278,750	326,765	82,750

DRAFT

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.

DRAFT

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

\$ '000	2018	2017
---------	------	------

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	-	5,217
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	2,826	2,279
Developer contributions – VPA – sewer	389	380
Specific purpose unexpended grants-Waste fund	1,197	-
Specific purpose unexpended grants	3,066	4,590
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	1,168	3,696
Other External Restrictions - General	820	-
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	8,708	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
	-	257
Developer contributions – bonus provisions	4,918	4,821
Other External Restrictions - Drainage	100	-
Other - Bio banking	385	-
External restrictions – other	250,997	202,702
Total external restrictions	250,997	207,919

page 55

DRAFT

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
Internal restrictions		
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	23,283	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
Total Internal restrictions	119,809	110,912
TOTAL RESTRICTIONS	380,905	318,831

DRAFT

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
Purpose					
Rates and annual charges		6,336	–	6,162	–
Interest and extra charges		2,870	–	2,746	–
User charges and fees		29,752	3,252	24,241	3,564
Contributions to works		139	–	142	–
Accrued revenues					
– Interest on investments		5,029	–	5,851	–
– Other income accruals		1,280	–	2,304	–
Government grants and subsidies		7,281	–	13,706	–
Net GST receivable		5,009	–	5,815	–
Sporting / community clubs		34	–	38	–
Australian tax office – GST clearing		462	–	369	–
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
Total		87,431	3,559	85,795	3,706
Less: provision for impairment					
User charges and fees		(701)	–	(735)	–
Other debtors		(615)	–	(148)	–
Total provision for impairment – receivables		(1,316)	–	(883)	–
TOTAL NET RECEIVABLES		86,115	3,559	84,912	3,706
Externally restricted receivables					
Water supply					
Domestic waste management		3,459	–	3,199	–
Total external restrictions		3,459	–	3,199	–
Unrestricted receivables		82,656	3,559	81,713	3,706
TOTAL NET RECEIVABLES		86,115	3,559	84,912	3,706
Movement in provision for impairment of receivables					
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				(328)	(1,120)
Balance at the end of the year				1,316	883

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)

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mktg	Level 2 Significant observable inputs	Level 3 Significant unobservable 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	—	—	36,183	36,183
Footpaths	12/05/16	—	—	84,028	84,028
Bulk earthworks - non depreciable	12/05/16	—	—	366,336	366,336
Stormwater drainage	12/05/16	—	—	1,008,781	1,008,781
Water supply network	12/05/16	—	—	1,034,060	1,034,060
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	—	—	58,967	58,967
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	6,251,256	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 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	–
Total inventories at cost		1,431	–	1,417	–
TOTAL INVENTORIES		1,431	–	1,417	–
(b) Other assets					
Prepayments		3,607	–	2,147	–
Investment in the Art House		–	480	–	300
TOTAL OTHER ASSETS		3,607	480	2,147	300

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.

DRAFT

Financial Statements 2017/18

Central Coast Council

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

Note 9. Infrastructure, property, plant and equipment

Asset classes	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	Disposals	Carrying value of disposals	Depreciation expense	Impairment losses / recoveries (P/L)	Transfer	Adjustments and transfers	Revaluation to equity (P/L)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress	191,402	-	191,402	171,069	-	-	-	-	-	-	-	246,405	-	246,405	
Plant and equipment	86,825	43,816	43,009	-	(1,176)	(8,818)	-	(13,008)	12	-	-	83,248	47,687	35,561	
Office equipment	20,432	14,193	6,239	-	(67)	(2,257)	-	585	-	-	-	20,831	16,290	4,541	
Furniture and fittings	14,874	10,549	4,325	-	-	(611)	-	-	-	-	-	14,874	11,159	3,715	
Land:															
- Operational land	438,846	-	438,846	-	516	(750)	-	(25,221)	-	64,272	-	467,865	-	467,865	
- Commercial land	410,510	-	410,510	-	101	-	-	-	-	(64,272)	-	346,338	-	346,338	
- Land under lease (see note 9)	1,004	-	1,004	-	399	-	-	-	-	-	-	1,404	-	1,404	
Land improvements - depreciable	33,954	19,383	20,193	-	-	(1,125)	-	8	-	-	-	33,956	14,321	19,039	
Infrastructure:															
- Buildings - speakeasy	522,921	107,262	415,659	-	(6,541)	(7,489)	-	1,412	(478)	59,449	-	733,890	316,915	416,975	
- Other structures	32,676	3,592	23,078	-	-	(1,118)	-	38	478	-	-	33,312	10,886	22,426	
- Roads	1,861,852	534,978	1,307,478	5,781	-	(31,882)	-	45,272	-	-	-	1,912,805	538,167	1,326,638	
- Bridges	54,191	12,191	36,133	1,396	-	(641)	-	72	-	-	-	54,366	19,802	35,564	
- Footpaths	107,058	28,582	84,028	-	-	(2,153)	-	1,957	-	-	-	110,412	25,185	85,227	
- Bulk waterworks (non-depreciable)	366,338	-	366,338	-	-	-	-	574	320	-	-	367,223	-	367,223	
- Stormwater drainage	1,447,079	488,288	1,008,791	4,867	(207)	(15,290)	-	13,514	-	21,278	-	1,484,889	453,458	1,011,425	
- Water supply network	1,747,558	714,469	1,034,090	1,345	-	(25,120)	-	524	-	21,278	-	1,788,097	733,852	1,032,515	
- Sewerage network	2,193,849	890,720	1,389,919	3,126	(1,196)	(33,070)	-	19,571	-	25,278	-	2,252,295	948,090	1,402,635	
- Surfacing works	7,854	4,781	2,893	-	-	(75)	-	30	-	-	-	7,894	4,539	2,848	
- Other open space/recreational assets	92,721	38,794	58,987	-	-	(3,130)	-	5,156	-	-	-	97,877	39,884	61,013	
- Other infrastructure	40,197	18,880	24,207	-	-	(1,237)	-	1,415	-	-	-	41,602	17,218	24,385	
Other assets:															
- Heritage collections	1,765	834	931	-	-	-	-	-	(931)	-	-	-	-	-	
- Library books	15,948	14,982	1,463	-	-	(864)	-	1,224	-	-	-	16,819	14,985	1,834	
- Other	34	3	35	-	-	(100)	-	-	931	-	-	1,903	937	866	
Reinstatement, replacements and restoration assets (see Note 19):															
- To replace	24,177	12,855	11,992	-	-	(3,516)	-	-	(930)	10,483	-	34,345	16,101	18,244	
TOTAL INFRASTRUCTURE	2,713,464	2,291,703	4,551,392	173,819	(8,937)	(128,449)	(35,221)	(9,427)	12	114,477	10,483	10,192,578	2,189,291	8,008,467	
PROPERTY, PLANT AND EQUIP.															

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

DRAFT

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:

Plant and equipment	Years	Bridges	Years
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	Buildings	
Other plant and equipment	2 to 40	Non-specialised	25 to 63
		Specialised	8 to 150
Water and sewer assets		Stormwater assets	
Water supply network	4 to 333	Drainage	5 to 500
Sewerage network	4 to 238		
Roads		Other infrastructure assets	
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
		Other assets	
		Heritage collections	5 to 500
		Library books	4 to 8
		Other assets (nec)	5 to 50

DRAFT

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.

DRAFT

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:		
Opening values:		
Gross book value	10,851	10,858
Accumulated amortisation	<u>(9,148)</u>	<u>(8,983)</u>
Net book value – opening balance	<u>1,703</u>	<u>1,865</u>
Movements for the year		
– Development costs	9,630	–
– Amortisation charges	(935)	(155)
– Gross book value written off	–	(9,155)
– Accumulated amortisation charges written off	–	9,148
Closing values:		
Gross book value (30/6)	20,481	10,851
Accumulated amortisation (30/6)	<u>(10,083)</u>	<u>(9,148)</u>
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE ¹	<u>10,398</u>	<u>1,703</u>

¹ The net book value of intangible assets represent:

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

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.

DRAFT

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
Payables				
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	–	8,516	–
Developer bonds	2,114	–	1,898	–
Overpayments	6,433	–	5,714	–
Other	1,164	–	1,289	–
Total payables	86,316	–	59,441	–
Income received in advance				
Payments received in advance	6,680	10,189	7,050	9,421
Total income received in advance	6,680	10,189	7,050	9,421
Borrowings				
Loans – secured ¹	32,994	231,867	23,976	264,861
Total borrowings	32,994	231,867	23,976	264,861
TOTAL PAYABLES AND BORROWINGS	125,990	242,056	90,467	274,282

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Domestic waste management	6,753	–	2,079	–
Developer contributions in advance General	–	6,761	–	6,680
Developer contributions in advance Water	–	1,748	56	1,688
Developer contributions in advance Sewer	–	653	1,087	–
Payables and borrowings relating to externally restricted assets	6,753	9,161	3,222	8,348
Internally restricted assets				
Insurance General Fund	231	–	248	–
Payables and borrowings relating to internally restricted assets	231	–	248	–
Total payables and borrowings relating to restricted assets	6,984	9,161	3,470	8,348
Total payables and borrowings relating to unrestricted assets	119,006	232,895	86,997	265,934
TOTAL PAYABLES AND BORROWINGS	125,990	242,056	90,467	274,282

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

DRAFT

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
	<u>8,548</u>	<u>5,503</u>

(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
TOTAL	<u>288,837</u>	<u>(23,976)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>264,861</u>

\$ '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 ⁽¹⁾	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
Total financing arrangements	<u>10,050</u>	<u>10,050</u>

Drawn facilities as at balance date:

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

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
Total undrawn financing arrangements	<u>9,524</u>	<u>9,108</u>

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

DRAFT

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.

DRAFT

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
Provisions				
Employee benefits:				
Annual leave	14,612	–	13,419	–
Sick leave	11,750	–	11,884	–
Long service leave	31,643	–	28,880	550
Other leave	1,027	–	314	–
Sub-total – aggregate employee benefits	50,032	–	54,277	550
Asset remediation/restoration:				
Asset remediation/restoration (future works)	6,554	58,829	4,279	58,963
Sub-total – asset remediation/restoration	6,554	58,829	4,279	58,963
Other provisions:				
Self insurance – workers compensation	2,110	5,989	1,904	6,549
Self insurance – public liability	199	–	483	–
Self insurance – other	79	–	168	–
Payroll tax	595	–	490	2
Other	607	–	1,413	–
Sub-total – other provisions	3,590	5,989	4,446	6,551
TOTAL PROVISIONS	69,176	64,818	63,002	66,064
(a) Provisions relating to restricted assets				
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	5,226	526	–	–
Sewer	5,728	965	–	–
Self insurance	1,904	6,549	3,628	5,015
Provisions relating to externally restricted assets	12,858	8,042	3,628	5,015
Total provisions relating to restricted assets	12,858	8,042	3,628	5,015
Total provisions relating to unrestricted assets	56,318	56,776	59,374	61,049
TOTAL PROVISIONS	69,176	64,818	63,002	66,064
\$ '000			2018	2017

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

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

Provisions – employees benefits	<u>37,154</u>	<u>34,305</u>
	<u>37,154</u>	<u>34,305</u>

DRAFT

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	13,418	11,864	29,430	314	54,827
Other	1,193	86	2,213	718	4,205
Total ELE provisions at end of year	14,612	11,750	31,643	1,027	58,032
2017					
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)
Total ELE provisions at end of year	13,418	11,864	29,430	314	54,827

2018	Other provisions			Total
	Other	Self-insurance	Asset remediation	
At beginning of year	1,895	9,102	63,242	74,239
Changes to provision:				
– Revised costs	–	–	581	581
– 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
Total other provisions at end of year	1,202	8,377	65,363	74,962
2017				
At beginning of year	4,267	7,977	56,584	68,828
Changes to provision:				
– 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
Total other provisions at end of year	1,895	9,102	63,242	74,239

DRAFT

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.

DRAFT

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).

DRAFT

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
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	0a	59,502	2,597
Balance as per the Statement of Cash Flows		59,502	2,597
(b) Reconciliation of net operating result to cash provided from operating activities			
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)	(18,108)
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	(2,825)
Increase/(decrease) in accrued interest payable		(135)	(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		264,663	320,646
(c) Non-cash investing and financing activities			
Developer contributions 'in kind'		–	4,207
Other dedications		9,450	14,901
Total non-cash investing and financing activities		9,450	19,108

DRAFT

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	Ownership		Voting rights	
		2018	2017	2018	2017
The Art House, Wyong Shire Performing Arts and Conference Centre Limited	Operations undertaken - Performing Arts Place of business - 19-21 Margaret St, Wyong	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

	2018	13/5/16 to 30/6/17
Summarised statement of comprehensive income		
Revenue	2,113	1,964
Expenses	(1,933)	(1,664)
Profit for the period	180	300
Summarised statement of financial position		
Current assets	776	507
Non-current assets	217	27
Total assets	993	534
Current liabilities	513	234
Total liabilities	513	234
Net assets	480	300
Summarised statement of cash flows		
Cash flows from operating activities	312	392
Net increase (decrease) in cash and cash equivalents	312	392

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
Wyong 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.

Wyong 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
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
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	22,082
Technology	5,582	4,640
Tip assets	2,635	573
Stormwater Management	5,312	654
Other	—	1,176
Total commitments	34,147	32,834
These expenditures are payable as follows:		
Within the next year	34,147	32,834
Total payable	34,147	32,834
Sources for funding of capital commitments:		
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
Total sources of funding	34,147	32,834

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) Operating lease commitments (non-cancellable)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	920	751
Later than one year and not later than 5 years	1,455	1,261
Later than 5 years	2,801	1,451
Total non-cancellable operating lease commitments	4,976	3,463

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 Viatak.

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.

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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 Englobe method, (which is a discounted method). This asset class is classified as Level 3 as significant inputs used in the Englobe 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.

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

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 \$9,890,391.

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 Hyton 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)

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 2009.

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
Financial assets				
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
Total financial assets	566,379	500,730	566,379	500,730
Financial liabilities				
Payables	86,316	59,441	86,316	59,441
Loans/advances	264,861	288,837	325,775	366,991
Total financial liabilities	351,177	348,278	412,091	426,432

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.

	Increases of values/rates		Decreases of values/rates	
	Profit	Equity	Profit	Equity
2018				
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)
13/5/16 to 30/6/17				
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)

\$ '000

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

(ii) Ageing of receivables – value

	2018	2017
Rates and annual charges		
< 1 year overdue	19,265	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
	<u>29,406</u>	<u>25,979</u>
Other receivables		
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
	<u>61,584</u>	<u>63,522</u>

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(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	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
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
Total financial liabilities		9,904	126,882	176,938	147,649	461,373	351,177
2017							
Trade/other payables		8,616	50,825	-	-	59,441	59,441
Loans and advances	6.40%	-	49,984	203,713	171,345	418,142	288,857
Total financial liabilities		8,616	99,909	203,713	171,345	477,583	348,278

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*		
REVENUES					
Rates and annual charges	344,011	348,469	4,458	1%	F
User charges and fees	131,889	138,198	7,318	6%	F
Interest and investment revenue	10,156	13,635	3,479	34%	F
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%	F
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	43,488	44,614	1,126	3%	F
Capital grants and contributions	28,150	88,915	60,765	216%	F
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%)	U
Income from Gain on Sale was not realised due to the timing of land sales identified for 2017-18.					

DRAFT

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* -----		
EXPENSES					
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 \$2.9 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 \$3.6 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.					
Budget variations relating to Council's Cash Flow Statement include:					
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 Councils 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)	(23,676)	1,881	(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:

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable 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	30/06/16	–	467,665	–	467,665
Community land	12/05/16	–	–	346,336	346,336
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	30/06/16	–	–	464,985	464,985
Other structures	12/05/16	–	–	22,416	22,416
Roads	12/05/16	–	–	1,326,636	1,326,636
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	–	–	24,366	24,366
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)

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)

(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.

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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 Englobe method, (which is a discounted method). This asset class is classified as Level 3 as significant inputs used in the Englobe 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.

DRAFT

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).

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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)

\$ '000

(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)	–	–	(1,282)	(4,184)
Depreciation and impairment	(7,817)	(2,105)	(828)	–	(10,748)
Amalgamation Transfers	1,157	134	439	4,814	6,544
Closing balance – 30/6/17	43,513	6,239	4,326	438,849	492,927
Transfers from/(to) another asset class	–	–	–	64,272	64,272
Purchases (GBV)	12,041	585	–	515	13,141
Disposals (WDV)	(1,178)	(87)	–	(750)	(1,993)
Depreciation and impairment	(8,818)	(2,257)	(811)	–	(11,886)
Closing balance – 30/6/18	45,560	4,500	3,715	502,886	556,661

	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)	(1,584)	(2,775)
Closing balance – 30/6/17	410,510	1,004	11,592	–	423,106
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
Closing balance – 30/6/18	346,339	1,403	18,244	–	365,986

DRAFT

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)	—	—	—	181	181
Disposals (WDV)	—	(355)	—	(188)	(543)
Depreciation and impairment	(1,401)	(8,081)	(1,252)	(95,078)	(106,812)
Amalgamation Transfers	(24,974)	(248)	(3,131)	(3,107)	(31,460)
Closing balance – 30/6/17	20,158	415,619	23,018	1,307,476	1,766,271
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)	(91,892)	(101,623)
Revaluation	—	59,440	—	—	59,440
Closing balance – 30/6/18	19,039	484,964	22,416	1,326,687	1,833,066

	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)	(2,381)	—	(17,531)	(20,607)
Amalgamation Transfers	(1,869)	88	—	(2,300)	(4,081)
Closing balance – 30/6/17	36,133	84,026	366,338	1,008,781	1,495,278
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)
Closing balance – 30/6/18	35,564	85,226	367,232	1,011,425	1,499,447

DRAFT

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	3,151	-	-	5,454
Disposals (WDV)	-	(3,784)	-	-	(3,784)
Depreciation and impairment	(28,488)	(57,158)	(54)	(5,388)	(91,078)
Amalgamation Transfers	(256)	(526)	267	5,947	5,432
Revaluation increments to Equity (ARR)	14,276	19,185	-	-	33,461
Closing balance – 30/6/17	1,034,090	1,389,919	2,893	58,987	2,485,889
Purchases (GBV)	2,269	22,709	30	5,156	30,164
Disposals (WDV)	-	(1,198)	-	-	(1,198)
Depreciation and impairment	(25,120)	(33,070)	(75)	(3,130)	(61,395)
Revaluation increments to Equity (ARR)	21,276	25,273	-	-	46,549
Closing balance – 30/6/18	1,032,515	1,403,635	2,848	61,013	2,500,011

	Other Infrastructure	Heritage Collections	Library Books	Other	Total
Balance on transfer from former Councils	24,207	682	2,191	5,976	33,036
Transfers from/(to) another asset class	-	63	250	-	383
Depreciation and impairment	-	(128)	(912)	(1)	(1,041)
Amalgamation Transfers	-	314	(68)	(5,940)	(5,692)
Closing balance – 30/6/17	24,207	931	1,463	35	26,636
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)
Closing balance – 30/6/18	24,385	-	1,823	866	27,074

DRAFT

Central Coast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(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.

DRAFT

Financial Statements 2018

Central Coast Council

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

Note 21. Related party transactions

\$ '000

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:

Compensation:		2018
Short-term benefits		13,877
Post-employment benefits		
Other long-term benefits		1,983
Termination benefits		781
Total		16,541

Central Coast Council

DRAFT

Financial Statements 2018

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

Note 21. Related party transactions (continued)

b. Other transactions with KAAP and their related parties

Council has determined that transactions at arms length between KAAP 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 KAAP) will not be disclosed.

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provision for doubtful debts		Doubtful debts expenses recognised
				Actual \$	Actual \$	
2018						
Employee expense relating to close family members of KAAP	Ref 1 648,738	Actual \$ -	Local Government (State) Award 2017	-	-	-
Asphalt services	2 611,954	Council owes \$29,894	7 days	-	-	-
Supply of apprentices and support services	3 546,040	Council owes \$38,695	7 days	-	-	-
Bush regeneration services	4 180,297	Council owes \$29,011	7 days	-	-	-

1. Close family members of Council's staff 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 KAAP employed by Council.
2. The Council purchased asphalt and related services during the year from Beldona Water Bldg, a company which has a member of Council's KAAP 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 9 year contract in 2016 with Central Coast Group Training Limited, a company which is controlled by a member of the KAAP 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 built bush regeneration services during the year from Community Environment Network Inc, a organisation which has a member of Council's KAAP 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

DRAFT

Financial Statements 2018

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 (incl. loans and commitments)	Outstanding balance (Actual \$)	Terms and conditions	Provisions for doubtful debts	Doubtful debts expenses recognised
Funding and in-kind support services	Net Actual \$ 1,246,103	Actual \$ -	Funding and support services provided in line with the funding agreement	Actual \$ -	Actual \$ -

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.

DRAFT

Financial Statements 2018

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	22,983	2,567	-	704	(55)	-	26,209	-
Roads	9,983	5,619	-	546	(32)	(2,052)	14,074	(68)
Parking	3,059	-	-	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/Food 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)
S7.11 contributions -- under a plan	63,748	21,000	-	2,948	(591)	-	87,102	(1,772)
S7.12 levies -- under a plan	4,232	7,161	-	341	-	-	11,734	-
Total S7.11 and S7.12 revenue under plans	67,980	28,161	-	3,289	(591)	-	98,836	(1,772)
S7.11 not under plans	4,070	6	-	190	-	-	4,266	-
S7.4 planning agreements	5,110	-	-	139	-	-	5,249	1,772
S64 contributions	43,048	11,216	-	1,998	(1,621)	-	54,636	-
Total contributions	120,219	39,383	-	5,616	(2,212)	-	163,006	-

DRAFT

Financial Statements 2018

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	–
Total	23,303	–	–	–	–	–	23,303	–

Central Coast Council

DRAFT

Financial Statements 2018

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 Wiyong)

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	—
Total	40,442	—	—	—	—	—	40,442	—

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	(9)	—	570	—
Drainage Land	63	8	—	2	(1)	—	62	—
Roads Capital	122	18	—	5	(1)	—	144	—
Open Space Land	227	72	—	9	—	—	308	—
Community Capital	227	—	—	11	(3)	—	235	—
Total	1,116	164	—	49	(10)	—	1,319	—

Central Coast Council

DRAFT

Financial Statements 2018

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

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	-
Total	181	-	-	8	(2)	-	187	-

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	-
Total	3,048	36	-	127	(13)	-	3,196	-

Central Coast Council

DRAFT

Financial Statements 2018

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)	--	313	--
Drainage Land	2	1	--	--	--	--	3	--
Roads Capital	256	2	--	11	(3)	--	266	--
Open Space Land	206	3	--	9	(2)	--	216	--
Total	762	14	--	32	(9)	--	800	--

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	--
Total	872	--	--	36	(9)	--	899	--

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	--
Total	564	--	--	23	(5)	--	582	--

Central Coast Council

DRAFT

Financial Statements 2018

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

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 Spaces Land	1,511	421	--	73	(18)	--	1,987	--
Community Land	359	6	--	42	(4)	--	403	--
Community Capital	965	99	--	15	(11)	--	1,068	--
Total	6,074	704	--	268	(68)	--	6,978	--

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 Spaces Land	482	416	--	29	(7)	--	920	--
Community Capital	359	62	--	16	(4)	--	433	--
Community Land	231	104	--	12	(3)	--	344	--
Total	1,616	1,049	--	90	(22)	--	2,733	--

Central Coast Council

DRAFT

Financial Statements 2018

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 49 - 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	305	4	—	15	(4)	—	380	—
Footpaths	84	0	—	4	(1)	—	83	—
Total	628	14	—	29	(8)	—	723	—

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	1,023	432	—	52	(13)	—	1,499	—
Open Space Embellishment	—	19	—	—	—	—	19	—
Footpaths	143	40	—	6	(2)	—	202	—
Towncentre Improvements	1,116	243	—	63	(15)	—	1,807	—
Total	2,282	1,143	—	121	(30)	—	3,527	—

Central Coast Council

DRAFT

Financial Statements 2018

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

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	--
Total	63	--	--	4	(1)	--	66	--

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)	--	209	--
Open Space Embellishment	7	2	--	--	--	--	9	--
Footpaths	25	2	--	1	--	--	28	--
Total	233	5	--	9	(2)	--	246	--

Central Coast Council

DRAFT

Financial Statements 2018

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
Roads Capital	44	Non-cash					
Total	44					44	

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
Parking	487	Cash	19	(9)		481	
Total	487		19	(9)		481	

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
Parking	788	Cash	33	(8)		813	
Total	788		33	(8)		813	

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
Parking	351	Cash	15	(4)		362	
Total	351		15	(4)		362	

Central Coast Council

DRAFT

Financial Statements 2018

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 09 - 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	—	
Total	1,296	—	—	54	(14)	—	1,336	—	

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	—	
Total	127	—	—	5	(1)	—	131	—	

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	—	
Total	76	—	—	—	—	—	76	—	

Central Coast Council

DRAFT

Financial Statements 2018

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

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	692	8	-	25	(6)	-	619	-
Total	2,846	72	-	112	(28)	-	2,802	-

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	1,989	43	-	41	-	-	2,053	-
Roads	260	50	-	58	-	880	1,248	-
Parking	6	-	-	6	-	1,021	1,033	(749)
Open space	689	68	-	56	-	50	843	1,716
Community facilities	1,066	99	-	54	-	936	2,155	500
Other	5	-	-	1	-	45	51	-
Total	3,975	260	-	210	-	2,932	7,983	1,468

DRAFT

Financial Statements 2018

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	93	-	39	-	-	1,347	624
Community facilities	720	79	-	31	-	-	830	749
Other	1	12	-	-	(11)	-	2	-
Total	4,031	193	-	114	(11)	-	4,327	1,373

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	941	-	80	-	140	4,030	-
Parking	7	-	-	2	-	-	9	77
Open space	505	423	-	31	-	-	959	602
Community facilities	138	637	-	26	-	-	801	(1,582)
Total	3,623	1,201	-	139	-	140	5,803	(903)

Central Coast Council

DRAFT

Financial Statements 2018

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

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	–	–	243	–
Open space	29	13	–	3	–	–	45	105
Community facilities	1,775	10	–	39	–	–	1,824	135
Other	1	1	–	–	(1)	–	1	–
Total	2,048	24	–	47	(1)	–	2,119	240

CONTRIBUTION PLAN NUMBER 6 - TOLKLEY

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	–
Total	2,104	108	–	48	–	–	2,320	106

Central Coast Council

DRAFT

Financial Statements 2018

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	38
Other	1	14	-	-	(12)	-	3	-
Total	699	197	-	46	(12)	-	830	718

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	(385)
Other	2	6	-	1	(6)	-	3	-
Total	2,032	111	-	65	(6)	195	2,397	(385)

DRAFT

Financial Statements 2018

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	-
Total	461	68	-	45	(4)	-	570	1,600

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)	364	-
Community facilities	24	366	-	1	-	(150)	241	(4,036)
Other	19	70	-	-	(63)	-	26	(16)
Total	122	918	-	19	(63)	(345)	631	(4,052)

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	-
Total	2,720	525	-	103	(20)	400	3,728	1,514

Central Coast Council

DRAFT

Financial Statements 2018

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

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	2,018	—	412	—	—	16,884	—
Roads	1,029	4,210	—	185	—	(3,322)	2,102	—
Open space	494	4,841	—	197	—	(2,901)	2,431	(8,594)
Community facilities	2,505	2,398	—	273	—	2,901	7,945	5,153
Other	106	351	—	5	—	—	233	—
Total	18,572	13,804	—	1,072	(236)	(3,322)	29,590	(3,441)

S7.12 LEVIES – UNDER A PLAN

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	3,425	5,918	—	299	—	—	9,643	—
Total	3,425	5,918	—	299	—	—	9,643	—

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	—
Total	826	1,243	—	42	—	—	2,111	—

Central Coast Council

DRAFT

Financial Statements 2018

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 & 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)
Parking	2,572		107			2,679	
Roads Capital	433		20			453	
Open Space Land	303		32			335	
Open Space Embellishment	204		9			212	
Community Capital	483		20			503	
Environment Protection	75		3			78	
Total	4,070		190			4,260	

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)
Other		6				6	
Total		6				6	

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

<u>Continuing operations</u>	Drainage	Water	Sewer	General ¹
Income from continuing operations				
Rates and annual charges	17,624	23,966	79,316	227,563
User charges and fees	95	67,914	6,558	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	1,306	41,435
<u>Grants and contributions provided for capital purposes</u>	<u>6,674</u>	<u>7,162</u>	<u>9,694</u>	<u>63,185</u>
Total income from continuing operations	27,578	102,617	100,060	429,737
Expenses from continuing operations				
Employee benefits and on-costs	1,752	16,255	12,842	155,091
Borrowing costs	571	15,344	4,588	160
Materials and contracts	7,813	20,004	22,961	62,089
Depreciation and amortisation	29,268	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
<u>Revaluation decrement / impairment of IPPE</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>35,221</u>
Total expenses from continuing operations	38,432	84,069	90,202	372,275
Operating result from continuing operations	(10,854)	18,748	9,858	48,462
Net operating result attributable to each council fund	(10,854)	18,748	9,858	48,462
Net operating result for the period before grants and contributions provided for capital purposes	(19,728)	11,586	164	(14,723)

¹ 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

ASSETS	Drainage	Water	Sewer	General ¹
Current assets				
Cash and cash equivalents	5,173	11,141	59,328	42,860
Investments	3,789	8,117	43,225	24,342
Receivables	2,156	43,627	16,467	59,263
Inventories	-	-	-	1,431
Other	-	-	-	3,807
Total current assets	11,098	62,885	119,020	131,503
Non-current assets				
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	-	-	8,895
Other	-	-	-	460
Total non-current assets	1,061,092	1,141,795	1,497,211	3,623,257
TOTAL ASSETS	1,072,190	1,204,680	1,616,231	3,754,760
LIABILITIES				
Current liabilities				
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	5,228	5,728	57,238
Total current liabilities	36,602	36,731	14,199	107,032
Non-current liabilities				
Payables	-	1,746	653	31,601
Income received in advance	-	-	478	9,711
Borrowings	9,094	172,515	67,318	16,681
Provisions	-	528	985	69,325
Total non-current liabilities	9,094	174,789	68,414	121,318
TOTAL LIABILITIES	45,696	213,520	83,613	228,350
Net assets	1,026,494	991,160	1,532,618	3,526,410
EQUITY				
Accumulated surplus	1,026,494	954,262	1,484,798	3,461,190
Revaluation reserves	-	36,898	47,820	65,220
Total equity	1,026,494	991,160	1,532,618	3,526,410

¹ 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)

\$ '000

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
Principal outstanding at end of year	16,919,810	9,073,231	9,146,542

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
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	16,349	2.91%	10.71%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	562,277			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	517,663	78.48%	76.45%	> 60.00%
Total continuing operating revenue ⁽¹⁾	651,182			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	187,688	1.45x	2.71x	> 1.5x
Current liabilities less specific purpose liabilities ^{(3), (4)}	129,852			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	176,392	3.95x	4.55x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	44,639			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	29,405	7.92%	5.93%	< 5% Metro
Rates, annual and extra charges collectible	376,172			< 10% Regional & Rural
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	431,965	12.03 mths	9.0 mths	> 9 mths
Payments from cash flow of operating and financing activities	35,915			

Notes

⁽¹⁾ 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.

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Notes 11 and 12.

⁽⁴⁾ 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

DRAFT

Financial Statements 2018

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

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

	General indicators [§]		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	0.92%	10.56%	11.76%	10.10%	1.79%	11.82%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	74.66%	71.25%	91.82%	90.55%	88.81%	84.52%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external liabilities ⁽²⁾	0.91x	2.26x	1.23x	1.04x	0.80x	4.53x	> 1.0x
Current liabilities less specific purpose liabilities ^(3,4)							

Notes

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

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

DRAFT

Financial Statements 2018

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 ⁸		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 ⁽¹⁾ before capital excluding interest and depreciation/maintenance/mortgage	19,80x	11,54x	1,75x	1,72x	6,12x	6,18x	> 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%	6.24%	19.34%	22.89%	18.16%	5.21%	< 8% metro
Rates, annual and extra charges collectible							

6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	18.17	7.11	2.40	11.99	18.87	18.85	> 3 months
Payments from cash flow of operating and financing activities	X12 months	months	months	months	months	months	

Notes

- (1) Refer to Notes at Note 24a above.
- (8) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

DRAFT

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>1. Operating performance ratio</p> <p>Benchmark: ——— Minimum >=0.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #28</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 2.91%</p> <p>The positive ratio demonstrates Council's sound fiscal management and commitment to achieving financial sustainability</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: ——— Minimum >=60.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #28</p>	<p>Purpose of own source operating revenue ratio</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>Commentary on 2017/18 result</p> <p>2017/18 ratio 70.49%</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>3. Unrestricted current ratio</p> <p>Benchmark: ——— Minimum >=1.50</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #28</p>	<p>Purpose of unrestricted current ratio</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>Commentary on 2017/18 result</p> <p>2017/18 ratio 1.43x</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>

DRAFT

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>4. Debt service cover ratio</p> <p>Benchmark: Minimum ≥ 2.00</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of debt service cover ratio</p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 3.95x</p> <p>Council's debt service ratio is above the 2.0 benchmark confirming positive operating results and stable debt levels.</p>
<p>5. Rates, annual charges, interest and other charges outstanding percentage</p> <p>Benchmark: Maximum $< 5.00\%$</p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of rates and annual charges outstanding ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 7.82%</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>6. Cash expense cover ratio</p> <p>Benchmark: Minimum ≥ 3.00</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of cash expense cover ratio</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>Commentary on 2017/18 result</p> <p>2017/18 ratio 12.90 mths</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**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**Email:** 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

Other information**ABN:** 73 149 644 003**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 Mehrtens (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)

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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

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	5
Statement of Financial Position – Water Supply Business Activity	8
Statement of Financial Position – Sewerage Business Activity	9
Statement of Financial Position – Other Business Activities	10
3. Notes to the Special Purpose Financial Statements	13
4. Auditor's Report	23

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).

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

Chris Holstein - Deputy Mayor
Councillor
dd/mm/yy

Gary Murphy
General Manager
dd/mm/yy

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
Income from continuing operations		
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	1,248	1,699
Profit from the sale of assets	-	6
Other income	185	979
Total income from continuing operations	96,655	104,404
Expenses from continuing operations		
Employee benefits and on-costs	16,255	16,365
Borrowing costs	15,344	17,448
Materials and contracts	20,004	11,670
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
Total expenses from continuing operations	84,644	93,856
Surplus (deficit) from continuing operations before capital amounts	11,011	10,548
Grants and contributions provided for capital purposes	7,162	9,018
Surplus (deficit) from continuing operations after capital amounts	18,173	19,566
Surplus (deficit) from all operations before tax	18,173	19,566
Less: corporate taxation equivalent (30%) [based on result before capital]	(3,303)	(3,164)
SURPLUS (DEFICIT) AFTER TAX	14,870	16,402
Plus opening retained profits	935,519	-
Plus assets 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
Closing retained profits	954,261	935,513
Return on capital %	2.4%	2.5%
Subsidy from Council	3,017	-
Calculation of dividend payable:		
Surplus (deficit) after tax	14,870	16,402
Less: capital grants and contributions (excluding developer contributions)	(7,162)	(9,018)
Surplus for dividend calculation purposes	7,708	7,384
Potential dividend calculated from surplus	3,854	3,692

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
Income from continuing operations		
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
Total income from continuing operations	90,396	102,513
Expenses from continuing operations		
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
Total expenses from continuing operations	90,423	92,677
Surplus (deficit) from continuing operations before capital amounts	(57)	9,836
Grants and contributions provided for capital purposes	9,694	15,816
Surplus (deficit) from continuing operations after capital amounts	9,637	25,652
Surplus (deficit) from all operations before tax	9,637	25,652
Less: corporate taxation equivalent (30%) [based on result before capital]	-	(2,951)
SURPLUS (DEFICIT) AFTER TAX	9,637	22,701
Plus opening retained profits	1,468,511	-
Plus assets 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
Closing retained profits	1,484,799	1,466,511
Return on capital %	0.3%	1.0%
Subsidy from Council	34,356	20,150
Calculation of dividend payable:		
Surplus (deficit) after tax	9,637	22,701
Less: capital grants and contributions (excluding developer contributions)	(9,694)	(15,816)
Surplus for dividend calculation purposes	-	6,885
Potential dividend calculated from surplus	-	3,443

DRAFT

Central Coast Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

\$ '000	Drainage		Holiday Parks	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
Income from continuing operations				
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	-	-
Total income from continuing operations	18,704	20,210	10,266	10,705
Expenses from continuing operations				
Employee benefits and on-costs	1,752	2,235	208	230
Borrowing costs	571	1,392	-	-
Materials and contracts	7,613	4,011	3,480	3,772
Depreciation, amortisation and impairment	28,288	17,404	449	753
Loss on sale of assets	207	711	-	-
Calculated taxation equivalents	89	146	295	292
Other expenses	21	2,732	3,808	3,792
Total expenses from continuing operations	38,521	28,631	8,020	8,839
Surplus (deficit) from continuing operations before capital amounts	(19,817)	(8,421)	2,246	1,866
Grants and contributions provided for capital purposes	8,874	12,714	-	-
Surplus (deficit) from continuing operations after capital amounts	(10,943)	4,293	2,246	1,866
Surplus (deficit) from all operations before tax	(10,943)	4,293	2,246	1,866
Less: corporate taxation equivalent (30%) [based on result before capital]	-	-	(674)	(560)
SURPLUS (DEFICIT) AFTER TAX	(10,943)	4,293	1,572	1,306
Plus opening retained profits	1,037,347	-	36,730	-
Plus assets and liabilities transferred from former councils	-	1,032,908	-	34,572
Plus adjustments for amounts unpaid:				
- Taxation equivalent payments	89	146	295	292
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	674	560
Closing retained profits	1,028,493	1,037,347	39,271	38,730
Return on capital %	-1.5%	-6.7%	10.2%	7.4%
Subsidy from Council	46,574	31,466	-	-

DRAFT

Central Coast Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

\$ '000	Leisure Centres		Child Care	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
Income from continuing operations				
User charges	6,224	4,788	6,326	7,326
Grants and contributions provided for non-capital purposes	—	8	620	774
Other income	577	580	1	2
Total income from continuing operations	6,801	5,371	6,847	8,102
Expenses from continuing operations				
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	485	357	347	329
Other expenses	744	2,759	79	1,416
Total expenses from continuing operations	9,919	11,013	8,188	10,520
Surplus (deficit) from continuing operations before capital amounts	(3,118)	(5,642)	(1,341)	(2,418)
Grants and contributions provided for capital purposes	—	—	—	15
Surplus (deficit) from continuing operations after capital amounts	(3,118)	(5,642)	(1,341)	(2,403)
Surplus (deficit) from all operations before tax	(3,118)	(5,642)	(1,341)	(2,403)
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—	—	—
SURPLUS (DEFICIT) AFTER TAX	(3,118)	(5,642)	(1,341)	(2,403)
Plus opening retained profits	(5,285)	—	(2,650)	—
Plus assets and liabilities transferred from former councils	—	—	—	(576)
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	465	357	347	329
Closing retained profits	(7,938)	(5,285)	(3,644)	(2,650)
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

\$ '000	Commercial Waste		Building Certification	
	Category 1		Category 1	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
Income from continuing operations				
Access charges	4,825	2,611	-	-
User charges	-	18	-	-
Fees	-	-	1,842	2,402
Interest	3	5	-	-
Other income	-	-	10	-
Total income from continuing operations	4,828	2,629	1,652	2,402
Expenses from continuing operations				
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
Total expenses from continuing operations	2,264	1,196	1,748	1,448
Surplus (deficit) from continuing operations before capital amounts	2,564	1,433	(96)	954
Surplus (deficit) from continuing operations after capital amounts	2,564	1,433	(96)	954
Surplus (deficit) from all operations before tax	2,564	1,433	(96)	954
Less: corporate taxation equivalent (30%) [based on result before capital]	(769)	(430)	-	(286)
SURPLUS (DEFICIT) AFTER TAX	1,795	1,003	(96)	668
Plus opening retained profits	1,433	-	955	-
Plus adjustments for amounts unpaid:				
- Taxation equivalent payments	38	-	27	1
- Corporate taxation equivalent	769	430	-	286
Closing retained profits	4,035	1,433	886	955
Return on capital %	n/a	n/a	n/a	n/a
Subsidy from Council	-	-	96	-

DRAFT

Central Coast Council

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

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

DRAFT

Central Coast Council

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

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

DRAFT

Central Coast Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

\$ '000	Drainage		Holiday Parks	
	Category 1		Category 1	
	2018	2017	2018	2017
ASSETS				
Current assets				
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	-	-	-	-
Total Current Assets	11,098	10,656	8,892	11,871
Non-current assets				
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	-	-
Total non-current assets	1,061,092	1,047,010	31,739	25,135
TOTAL ASSETS	1,072,190	1,057,666	40,631	37,006
LIABILITIES				
Current liabilities				
Payables	35,185	5,196	521	210
Income received in advance	-	-	795	-
Borrowings	433	486	-	-
Provisions	984	837	44	51
Total current liabilities	36,602	6,519	1,360	261
Non-current liabilities				
Income received in advance	-	1,668	-	-
Borrowings	9,094	12,132	-	-
Provisions	-	-	-	15
Total non-current liabilities	9,094	13,800	-	15
TOTAL LIABILITIES	45,696	20,319	1,360	276
NET ASSETS	1,026,494	1,037,347	39,271	36,730
EQUITY				
Accumulated surplus	1,026,494	1,037,347	39,271	36,730
TOTAL EQUITY	1,026,494	1,037,347	39,271	36,730

DRAFT

Central Coast Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

\$ '000	Leisure Centres		Child Care	
	Category 1		Category 1	
	2018	2017	2018	2017
ASSETS				
Current assets				
Receivables	-	56	-	23
Total Current Assets	-	56	-	23
Non-current assets				
Infrastructure, property, plant and equipment	34,565	35,000	767	8,535
Total non-current assets	34,565	35,000	767	8,535
TOTAL ASSETS	34,565	35,056	767	8,558
LIABILITIES				
Current liabilities				
Payables	56	105	223	1,608
Borrowings	41,758	39,830	2,927	7,893
Provisions	891	590	1,261	1,862
Total current liabilities	42,803	40,325	4,411	10,963
Non-current liabilities				
Provisions	-	16	-	245
Total non-current liabilities	-	16	-	245
TOTAL LIABILITIES	42,803	40,341	4,411	11,208
NET ASSETS	(7,938)	(5,285)	(3,644)	(2,650)
EQUITY				
Accumulated surplus	(7,938)	(5,285)	(3,644)	(2,650)
TOTAL EQUITY	(7,938)	(5,285)	(3,644)	(2,650)

DRAFT

Central Coast Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

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

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

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 1986 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)

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)

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)

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 2018Note 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? ^a	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 (c) 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 2018Note 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			
NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities WWS Program Income (w10a)	\$'000	100,479
NWI F4	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%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	1,116,777
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w3)	\$'000	40,425
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	2,269
NWI F17	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 (w6)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	3.11%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
1. References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 2. 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	369,355
(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

2016 Surplus	(57,000)	2017 Surplus	6,895,200	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? ^a	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 (s36b)]	%	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 (w8 + 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)	%	1.90%
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 (w8 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F15) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F8 + NWI F10) + plant and equipment (w36b + s36b)]	%	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%

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
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s38) – cash and investments (w39 + s39) x 100 divided by [(total assets (w35 + s35) – total liabilities (w40 + s41))]	%	4.67%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 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: Interest expense (w4a + s4a) – interest income (w9 + s10)		4
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w16a + s16a) – tax equivalents paid (Note 2-1 (v) + Note 3-1 (v))	\$'000	28,609
NWI F25	Community service obligations (water and sewerage) Grants for passenger rebates (w11b + s12b)	\$'000	2,554

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 2. 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

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

Contents		Page
Special Schedules ¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 2	Permissible income for general rates	4
Special Schedule 2	Independent Auditors Report	6
Special Schedule 3	Water Supply Operations – incl. Income Statement	7
Special Schedule 4	Water Supply – Statement of Financial Position	10
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	11
Special Schedule 6	Sewerage Service – Statement of Financial Position	14
Notes to Special Schedules 3 and 5		15
Special Schedule 7	Report on Infrastructure Assets	16

¹ 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.

DRAFT

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	
Governance	1,626	1	–	(1,627)
Administration	38,527	8,143	25,167	(5,217)
Public order and safety				
Fire service levy, fire protection, emergency services	8,905	1,666	2,061	(5,178)
Beach control	5,714	66	–	(5,628)
Enforcement of local government regulations	3,696	2,843	25	(828)
Animal control	369	399	–	30
Other	–	–	–	–
Total public order and safety	18,694	4,964	2,086	(11,644)
Health	2,471	1,288	–	(1,183)
Environment				
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	8,674	(11,667)
Stormwater management	2,225	842	215	(1,168)
Total environment	128,475	110,977	10,792	(6,706)
Community services and education				
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)
Total community services and education	11,252	7,852	–	(3,400)
Housing and community amenities				
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)
Total housing and community amenities	32,532	8,935	1,008	(24,589)
Water supplies	81,316	90,553	7,162	16,399
Sewerage services	69,536	67,636	9,804	7,804

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Central Coast Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2018

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
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)
Total recreation and culture	72,215	15,770	6,331	(51,114)
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	4,338	2,402	—	(1,936)
Other mining, manufacturing and construction	—	—	—	—
Total mining, manufacturing and const.	4,338	2,402	—	(1,936)
Transport and communication				
Urban roads (UR) – local	49,227	569	20,198	(22,460)
Urban roads – regional	21,025	9,075	13	(11,937)
Sealed rural roads (SRF) – local	12	—	—	(12)
Sealed rural roads (SRF) – 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 SRF – 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)
Total transport and communication	87,986	12,896	26,675	(47,815)
Economic affairs				
Camping areas and caravan parks	8,452	11,162	—	2,710
Other economic affairs	7,176	3,883	—	(3,293)
Total economic affairs	15,628	15,045	—	(683)
Totals – functions	594,978	364,460	88,915	(131,573)
General purpose revenues ⁽¹⁾		197,787		197,787
Share of interests – joint ventures and associates using the equity method	—	—	—	—
NET OPERATING RESULT ⁽²⁾	594,978	562,277	88,915	88,214

(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

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Special Schedules 2018

Special Schedule 2 – Permissible income for general rates
for the year ended 30 June 2019

	2018/19		2018/19		2018/19		2017/18		2017/18		2017/16	
	Wyong Shire Council	Gosford City Council	Central Coast Council	Wyong Shire Council	Gosford City Council	Central Coast Council	Wyong Shire Council	Gosford City Council	Central Coast Council	Wyong Shire Council	Gosford City Council	Central Coast Council
\$'000												
Notional general income calculation (1)												
Last year notional general income yield	85,770	77,663	163,433	83,402	78,907	182,209	84,226	78,999	182,209	84,226	78,999	182,209
Plus or minus adjustments (2)	371	61	432	824	92	816	824	92	816	824	92	816
Notional general income	86,141	77,724	163,865	84,226	79,899	183,025	84,226	79,899	183,025	84,226	79,899	183,025
Permissible income calculation												
Special variation percentage (3)												
Or rate peg percentage	2.30%	2.30%	2.30%	1.50%	1.50%	2.30%	1.50%	1.50%	2.30%	1.50%	1.50%	2.30%
Or crown land adjustment (incl. rate peg percentage)												
Less existing special variation amount												
Rate special variation amount	h = d'x (0 - g)											
Or rate peg amount	l = o x e	1,980	1,788	3,768	1,263	1,145	2,406	1,263	1,145	2,406	1,263	1,145
Or rate Crown land adjustment and rate peg amount	j = e x f											
Sub-total	k = (c + g + h + i + j)	86,121	79,512	167,633	85,489	77,471	182,099	85,489	77,471	182,099	85,489	77,471
Plus (or minus) last year's carry forward total	l	59	(4)	65	344	189	538	344	189	538	344	189
Less valuation objections claimed in the previous year	m	(8)		(9)	(12)		(12)					
Sub-total	n = (l + m)	51	(4)	47	332	189	526	332	189	526	332	189
Total permissible income	o = k + n	86,172	79,508	167,880	85,821	77,660	182,625	85,821	77,660	182,625	85,821	77,660
Less notional general income yield	p	87,953	79,416	167,369	85,770	77,664	183,434	87,953	79,416	167,369	87,953	79,416
Catch-up or (variance) result	q = o - p	219	92	311	51	(4)	48	219	92	311	51	(4)
Rate income lost due to valuation objections claimed (4)	r	10		10	8		8	10	8	10	8	10
Less unused catch-up (5)	s	(31)		(31)				(31)		(31)		
Carry forward to next year	t = q + r - s	198	92	290	59	(4)	54	198	92	290	59	(4)

Central Coast Council

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Special Schedule 2018

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

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 includes amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increases or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1976.
- (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 value 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 CLG 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

Report on Special Schedule 2

Insert here signed Independent Auditors Report

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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	13/3/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	10,347	10,380
b. Engineering and supervision	3,909	7,658
2. Operation and maintenance expenses		
– 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	642	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	108
o. Purchase of water	342	485
3. Depreciation expenses		
a. System assets	25,314	28,462
b. Plant and equipment	22	744
4. Miscellaneous expenses		
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)	–	–
5. Total expenses	84,071	93,196

page 7

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	13/6/16 to 30/6/17
Income		
6. Residential charges		
a. Access (including rates)	21,830	24,099
b. Usage charges	58,509	66,560
7. Non-residential charges		
a. Access (including rates)	2,137	2,703
b. Usage charges	8,079	5,983
8. Extra charges	-	-
9. Interest income	2,344	2,375
10. Other income	1,515	979
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	480
b. Grants for pensioner rebates	1,289	1,484
c. Other grants	20	76
12. Contributions		
a. Developer charges	5,121	8,398
b. Developer provided assets	1,745	140
c. Other contributions	234	138
13. Total income	<u>102,823</u>	<u>113,415</u>
14. Gain (or loss) on disposal of assets	-	(136)
15. Operating result	<u>18,752</u>	<u>29,084</u>
15a. Operating result (less grants for acquisition of assets)	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	13/6/18 to 30/6/17
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	-	-
b. New assets for growth	1,745	11,460
c. Renewals	524	21,837
d. Plant and equipment	-	-
17. Repayment of debt	16,005	15,775
18. Totals	18,274	48,072
Non-operating funds employed		
19. Proceeds from disposal of assets	-	-
20. Borrowing utilised	-	-
21. Totals	-	-
C Rates and charges		
22. Number of assessments		
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
23. Number of ETs for which developer charges were received	1,594 ET	547 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 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
ASSETS			
25. Cash and investments			
a. Developer charges	15,919	22,323	38,242
b. Special purpose grants	1,280	2,352	3,632
c. Accrued leave	984	–	984
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	1,115	–	1,115
26. Receivables			
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
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	1,116,777	1,116,777
b. Plant and equipment	–	42	42
29. Other assets	–	–	–
30. Total assets	<u>62,885</u>	<u>1,141,796</u>	<u>1,204,681</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	7,585	1,748	9,331
33. Borrowings	25,920	172,515	198,435
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	5,226	528	5,754
35. Total liabilities	<u>38,731</u>	<u>174,789</u>	<u>213,520</u>
36. NET ASSETS COMMITTED	<u>24,154</u>	<u>967,007</u>	<u>991,161</u>
EQUITY			
37. Accumulated surplus			954,263
38. Asset revaluation reserve			36,898
39. Other reserves			–
40. TOTAL EQUITY			<u>991,161</u>
Note to system assets:			
41. Current replacement cost of system assets			1,877,943
42. Accumulated current cost depreciation of system assets			(761,166)
43. Written down current cost of system assets			<u>1,116,777</u>

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	13/6/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	6,941	8,906
b. Engineering and supervision	2,272	3,789
2. Operation and maintenance expenses		
– 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 (incl. 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
3. Depreciation expenses		
a. System assets	33,255	37,160
b. Plant and equipment	30	619
4. Miscellaneous expenses		
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)	–	–
5. Total expenses	89,007	85,843

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	13/6/16 to 30/6/17
Income		
6. Residential charges (including rates)	72,497	80,497
7. Non-residential charges		
a. Access (including rates)	6,820	9,247
b. Usage charges	2,480	3,079
8. Trade waste charges		
a. Annual fees	190	483
b. Usage charges	2,712	2,252
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	2,577	3,129
11. Other income	1,275	1,265
11a. Aboriginal Communities Water and Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	3,864
b. Grants for pensioner rebates	1,265	1,441
c. Other grants	541	842
13. Contributions		
a. Developer charges	6,095	6,188
b. Developer provided assets	3,138	3,179
c. Other contributions	460	2,798
14. Total income	100,960	118,258
15. Gain (or loss) on disposal of assets	(1,196)	(3,745)
16. Operating result	9,857	25,870
16a. Operating result (less grants for acquisition of assets)	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	13/6/16 to 30/6/17
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
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	-	-
18. Repayment of debt	5,068	3,675
19. Totals	27,777	30,266
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised	-	-
22. Totals	-	-
C Rates and charges		
23. Number of assessments		
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
24. Number of ETs for which developer charges were received	1,607 ET	547 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 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
ASSETS			
26. Cash and investments			
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
27. Receivables			
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
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	1,478,417	1,478,417
b. Plant and equipment	–	180	180
30. Other assets	–	–	–
31. Total assets	<u>122,271</u>	<u>1,493,959</u>	<u>1,616,230</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	3,130	1,131	4,261
34. Borrowings	5,341	67,318	72,659
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	5,728	965	6,693
36. Total liabilities	<u>14,199</u>	<u>69,414</u>	<u>83,613</u>
37. NET ASSETS COMMITTED	<u>108,072</u>	<u>1,424,545</u>	<u>1,532,617</u>
EQUITY			
38. Accumulated surplus			1,484,797
39. Asset revaluation reserve			47,820
40. Other reserves			–
41. TOTAL EQUITY			<u>1,532,617</u>
Note to system assets:			
42. Current replacement cost of system assets			2,338,081
43. Accumulated current cost depreciation of system assets			(859,664)
44. Written down current cost of system assets			<u>1,478,417</u>

DRAFT

Central Coast Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

Administration ⁽¹⁾

(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 ⁽¹⁾

(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⁽²⁾ (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⁽²⁾ (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:

⁽¹⁾ 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).

⁽²⁾ 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.

DRAFT

Special Schedules 2018

Central Coast Council

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

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 ¹	2017/18 Required maintenance ²	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
\$'000												
Buildings	Buildings	2,495	2,495	16,461	8,368	464,965	783,880	19%	37%	42%	1%	0%
	Sub-total	2,495	2,495	16,461	8,368	464,965	783,880	19.8%	38.6%	42.3%	1.3%	0.2%
Other	Other structures	244	244	500	144	22,416	33,312	43%	27%	27%	3%	0%
	Sub-total	244	244	500	144	22,416	33,312	42.7%	27.4%	25.8%	3.0%	0.4%
Roads	Sealed roads	75,003	75,003	10,156	10,931	1,077,527	1,535,455	65%	19%	18%	5%	3%
	Unsealed roads	472	472	114	123	8,129	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	81%	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%
	Sub-total	84,325	84,325	18,068	17,297	1,814,852	2,444,815	41.8%	17.9%	20.0%	3.4%	2.2%
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%
	Sub-total	19,951	19,951	25,279	17,713	1,032,515	1,786,097	23.3%	51.0%	23.2%	0.5%	1.7%
Sewerage network	Sewerage network	21,617	21,617	13,557	22,135	1,403,635	2,252,235	16%	63%	13%	2%	1%
	Sub-total	21,617	21,617	13,557	22,135	1,403,635	2,252,235	16.0%	63.1%	12.9%	1.6%	1.1%

Central Coast Council

DRAFT

Special Schedule 2018

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

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 ^a	2017/18 Required maintenance ^b	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (ORC)	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%
	Sub-total	10,564	10,564	8,224	4,638	1,011,425	1,464,883	25.2%	21.1%	52.5%	0.9%	0.4%
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%	36%	13%	4%	0%
	Sub-total	758	758	1,699	4,929	63,861	105,561	40.4%	39.5%	15.8%	2.7%	0.1%
Other	Other	1,702	1,702	624	132	24,386	41,602	19%	39%	30%	15%	3%
	Sub-total	1,702	1,702	624	132	24,386	41,602	19.9%	39.4%	29.7%	14.9%	2.5%
	TOTAL – ALL ASSETS	141,956	141,956	62,412	75,395	5,837,965	8,912,995	28.7%	30.9%	26.2%	1.9%	1.3%

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 plan.

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 ⁽¹⁾				
Asset renewals ⁽²⁾	<u>126,938</u>	104.77%	142.19%	>= 100%
Depreciation, amortisation and impairment	<u>121,154</u>			
2. Infrastructure backlog ratio ⁽¹⁾				
Estimated cost to bring assets to a satisfactory standard	<u>141,856</u>	2.42%	2.01%	< 2.00%
Net carrying amount of infrastructure assets	<u>5,888,304</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>75,355</u>	91.44%	109.91%	> 100%
Required asset maintenance	<u>82,412</u>			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>141,856</u>	1.59%	1.74%	
Gross replacement cost	<u>8,912,385</u>			

Notes

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

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

⁽²⁾ 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.

DRAFT

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
Infrastructure asset performance indicators * consolidated				
1. Buildings and infrastructure renewals ratio ⁽¹⁾				
Asset renewals ⁽²⁾	87,547	72.26%	142.19%	>= 100%
Depreciation, amortisation and impairment	121,154			

Notes

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

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

⁽²⁾ 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.

DRAFT

Central Coast Council

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

<p>1. Buildings and infrastructure renewals ratio</p> <p>Benchmark: ——— Minimum >=100.00% Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 72.26%</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 Council's performance using the old methodology is 104.8%</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: ——— Minimum <2.00% Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 2.42%</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>3. Asset maintenance ratio</p> <p>Benchmark: ——— Minimum >100.00% Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of asset maintenance ratio</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>Commentary on 2017/18 result</p> <p>2017/18 Ratio 91.44%</p> <p>Council will continue to work to improve this benchmark.</p>
<p>4. Cost to bring assets to agreed service level</p>	<p>Purpose of agreed service level ratio</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>Commentary on 2017/18 result</p> <p>2017/18 Ratio 1.59%</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

DRAFT

Special Schedules 2018

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

	General Indicators ⁽¹⁾		Water Indicators		Sewer Indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance Indicators by fund							
1. Buildings and Infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	139.04%	199.99%	0.00%	89.01%	0.00%	80.09%	≥= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	2.93%	3.52%	1.93%	1.46%	1.84%	1.52%	< 2.00%
Net carrying amount of Infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	61.46%	120.67%	70.07%	90.41%	163.28%	102.31%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.06%	2.50%	1.12%	0.67%	0.96%	0.96%	
Gross replacement cost							

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) 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 increase capacity/performance.